





## WORLD TRADE NEWS

## Uruguay Round in trouble again over deadline

By Frances Williams in Geneva

NEGOTIATORS in the Uruguay Round of trade talks are increasingly concerned that the Easter deadline for completing the Round will not be met.

On January 12, the 108 countries taking part agreed to accept conditionally a 436-page draft package of accords covering all areas of negotiation. But the European Community said "substantial" improvements would have to be made in the agriculture text calling for cuts in farm support. Nearly four weeks on, the EC has not yet come up with proposals for altering the draft, still less begun serious negotiations with the US and other trading partners to get changes agreed.

This has in turn held up the detailed country-by-country negotiations now underway on lowering tariffs and other barriers to trade in goods. Other countries dissatisfied with the agriculture text, notably Japan which does not want to open its closed rice market, are refusing to bargain over farm products on the grounds guidelines have not yet been fixed.

Countries are committed to reducing overall tariffs, including those on agricultural items, by one-third. By March 1, all 88 countries (the EC counting as

one) in the tariff negotiations must submit complete item-by-item tariff schedules showing how they propose to meet that objective. After a final balancing of concessions, definitive schedules would be ready by March 31. Failure by any country or bloc to include farm products on its proposed tariff schedule would make it almost impossible to complete the negotiations on time.

Today's informal stocktaking of intensive bargaining over the past week will also indicate little progress on Washington's "zero-for-zero" proposals to scrap completely tariffs on particular products. Negotiators have more or less agreed zero tariffs for pharmaceuticals and steel, with construction machinery and medical equipment also under discussion. But the US needs more sectors covered if it is to meet the one-third target. The EC in particular is holding out in the hope of securing cuts in high US tariffs for textiles and footwear.

Disappointing progress in the negotiations on initial commitments to liberalise trade in services, which must also be completed by March 31, has led some trade officials to doubt whether substantial market-opening deals are possible by the deadline.

## UK's cure for Moscow bread queue

LONG queues for stale bread in the Soviet Union could be a thing of the past if a plan financed by the British government and UK bakeries is accepted by Moscow city council, writes Judy Dempsey.

The plan, drawn up by Andersen Consulting, the London-based consultancy, involves sharing out if privatisation, and an injection of capital in Moscow's 1,420 bread shops and 24 bakeries, would make bread last longer and taste nicer.

A Muscovite loaf lasts a mere 12 hours. Why? "It is not wrapped up," said Mr Mark Aston, a partner with Andersen. "One bakery told us that when they tried - 10 years ago - to wrap the bread, it went green. We found out the reasons. They did not bother first to cool the bread," Mr Aston said.

The other problem is that the capital's old bakeries, which together produce 2,400 tons of bread for 10m people per day, are far away from retail outlets. Andersen is recommending the setting up of private, small bakeries near residential areas.

A team of UK bakers is now working in a Muscovite bakery to see how recommendations can be adapted to reality, instead of coming up with half-baked ideas.

## Indo-Russian trade stuck in credit trap

K K Sharma in New Delhi and R C Murthy in Bombay report on life after barter

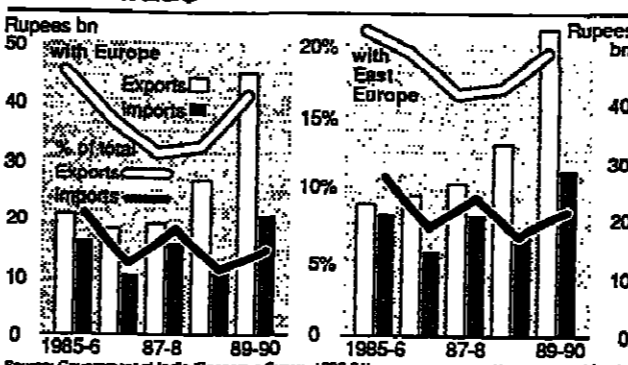
THE delegation from Moscow that arrives in New Delhi tomorrow to discuss the future pattern of Indo-Russian trade must attempt to tackle the growing problem of Russian indebtedness to India as a result of Moscow's failure to export sufficient goods.

Trade between India and the former Soviet Union, conducted through annual agreements to provide balanced trade, has been badly disrupted following the collapse of Soviet communism. This has left Moscow owing Rs22bn (\$690m) in "technical credits".

The Russians plan to switch to dollar-denominated trade with India, ending the 30-year-old rupee trade, a complex system of balancing two-way exports and imports. Enthusiasm for rupee trade has already waned in eastern Europe, where some countries have already changed to convertible currencies for trading with India.

The Soviet Union has long been an important trading partner with India, with the latter's exports to the former at one stage accounting for a fifth of India's total exports. This approved-in-advance trade enabled India to finance machinery exports and to service the credits extended for import of Soviet armaments and military aircraft. In what

## Indian trade



Source: Government of India Economic Survey 1990-91

were effectively barter deals, the country which failed to export sufficient goods gave technical credits.

The increasing decline in Soviet exports left Indian imports from what is now the Russian-dominated Commonwealth of Independent States running at only Rs15bn, far below the Rs40bn envisaged in last year's Indo-Soviet protocol. The technical credits India gave to Moscow reached a record Rs21bn, with another Rs8bn-worth of Russian orders left in the Indian pipeline. The Indo-Soviet trade protocol provides for annual technical credit of Rs15bn, which is to be adjusted by exports the following year to balance trade. Moscow wants New Delhi to

roll over the credits, to ask its banks to accept letters of credit already opened, and to resume consumer goods exports. But the Indians say that they can ill-afford to roll over nearly Rs30bn of credit because of budgetary problems.

This has created many problems. Last year, for instance, India received only 3m tonnes of crude oil from Russia, just two-thirds of the agreed level. Steel imports were negligible, and supplies of non-ferrous metals stopped altogether. These had to be made good by imports from hard currency areas, adding to India's concern over its balance of payments. Exports from India were also down by more than 50 per cent on protocol levels,

causing surpluses in the Indian factories that had for years geared for the Soviet market. Traditional industries such as jute, tea, textiles and shoes were all badly affected.

The budgetary problems are also serious for India, which has promised the International Monetary Fund that it will cut its fiscal deficit for 1991-92 to 6.5 per cent of gross domestic product (GDP).

Technical credits are charged to the Indian government for budgetary purposes and could become an important reason why IMF requirements will not be met. Moscow is not reneging on the debt but it is not liquidating it immediately as India wants.

For India, technical credits earn only 4.5 per cent interest, and Russia indicated recently that it will take at least three years to liquidate the debt.

Meanwhile, the 1992 protocol has not been signed, and Moscow's desire to switch from barter to convertible-currency trade is being complicated by a disagreement over the rupee-rouble exchange rate, heavily weighted in favour of Moscow. India wants this revalued.

In the interim, both countries have agreed to value their goods in dollars for at least two years. Another thorny issue relates to the fixing in rupees of the value of outstanding Soviet credits for military

equipment supplies, which is now denominated in rubles. The Russians estimate these credits at Rs6.9bn, but no official figure is available.

And, even while this trade was in rupees, the two countries had multiple rupee-rouble exchange rates: one for tourists, another for merchandise trade settled annually, a third for military equipment credits.

India also feels that there are contractual obligations from which Moscow, as the successor to the Soviet Union, cannot back out. India thinks that Russian commitments in four areas - defence equipment, aid to power projects, coal and steel - must be paid in rupees.

Indo-Russian trade will in all probability switch over from barter to convertible-currency trade.

Moscow has said that trade, unlike in the past, when a pact could be drawn up with a central Soviet authority, will have to be through agreement with individual enterprises. Moscow is also proposing that 40 per cent of the value of Russian exports to India should be used for purchases from India and the balance remitted in hard currency within 30 days if the private enterprises do not want to use it to buy Indian goods. Whatever the outcome of the talks starting this weekend, there will still be difficult times ahead.

## Eximbank chief clarifies policies in east Europe

By Nancy Dunne in Washington

MR John Macomber, chairman of the US Export-Import Bank, yesterday said export financing to Poland could reach \$800m (\$400m) this year or next, but US government support for sales to the Commonwealth of Independent States must wait until crucial decisions are made about who is in charge.

"The republics of the former Soviet Union have enormous assets in terms of people and natural resources, but are in an economic freefall," said Mr Macomber. "We need to know who has the authority to contract? Who controls the foreign currency? Who decides if foreigners can invest in their oil and gas business?"

Once the answers are clear, Eximbank will "most likely" begin disbursements for short- and medium-term transactions. "I also hope we can channel support into hard currency-generating projects," said Mr

Macomber. "This would include oil and gas development, with production payments used as collateral for commercial bank guarantees, as well as other projects having the prospect of earnings in other than rubles."

The bank has approved six US sales to Russia, ranging from glass and battery manufacturing equipment to building construction panels and safety control systems for nuclear power plants. These will not go forward until Eximbank has "clear guarantees" from the Russian government, Mr Macomber said.

In Poland, by contrast, the bank has doubled and plans to redouble its support since opening its doors two years ago. Its lending to Mexico is the highest of any country in its history, having reached \$7bn, one-fourth of the Eximbank's total portfolio.

## NEWS IN BRIEF

## Prague to construct oil pipeline from Germany

THE Czech government has approved the construction of an oil pipeline between Germany and the Czech republic which will diversify Czechoslovakia's near total dependency on oil supplies from the ex-Soviet Union in the future, writes Ariane Genillard in Prague.

The pipeline will join two oil refineries in the Czech republic with an oil terminal in Ingolstadt, Germany, which is linked with the Mediterranean port of Trieste.

The Czech government said it will encourage local banks to invest in the building of the 200km-long pipeline. It will also seek international financing for the project which is expected to cost up to DM450m (£158.7m), according to Mr Victor Jakoubek, adviser at the federal Ministry of Economics.

## Elf deal for Russian exploration

ELF Aquitaine, the French oil and chemicals group, became the first western company to agree an oil exploration arrangement with the Russian government yesterday when it signed a production-sharing deal, writes Deborah Hargreaves. The agreement covers 20,000 sq km to the east of the Volga river between Saratov and Volgograd. Internext, the Russian state oil exploration company, has drilled several promising exploration wells, but the area currently produces no oil.

Before the break-up of the Soviet Union, Elf was negotiating for exploration acreage straddling the Russian-Kazakhstan border. The company expects to sign a deal with Kazakhstan before the end of February.

## British Gas seeks Pakistan stakes

British Gas is bidding for a substantial stake in Pakistan's two state-owned gas distribution concerns and is also planning expansion of its existing exploration activities. Mr Robert Evans, the company's chairman, said here yesterday, writes Gerald Bourke in Islamabad.

Negotiations for the purchase of Sui Northern Gas Pipelines (SNGP), one of more than 100 companies up for sale, are at an advanced stage, executives said. SNGP, which supplies 500,000 consumers in northern Pakistan, posted a gross profit of almost \$3m in 1991 on sales of £147m. Sui Southern, the other company being targeted, is of a similar size.

## Brussels warns on Japanese cars

Any UK government move to remove restrictions on Japanese car imports into Britain could put pressure on the EC's fragile political consensus on the agreement to open up the EC market to Japanese imports by the year 2000. Commission officials said yesterday, writes David Buchanan in Brussels.

Mr Peter Lilley, the UK Trade and Industry Secretary, said yesterday that the British government "will be considering whether to move to an unrestricted market before 1999", after a UK Monopolies and Mergers Commission report called for the scrapping of import curbs and other measures to give British car-buyers better value.

## US cigarette plant for Poland

RJR Reynolds Tobacco International, part of the RJR Nabisco food and tobacco group, has announced plans to build a cigarette factory in Poland, writes Nikki Tait in New York.

The plant, expected to cost around \$33m (£18.2m), will cover 132,000 sq ft and should see production begin in mid-1993. It will initially produce RJR's "Camel" cigarette brand, but eventually extend to other brands. The eventual plant capacity is put at 50n cigarettes.

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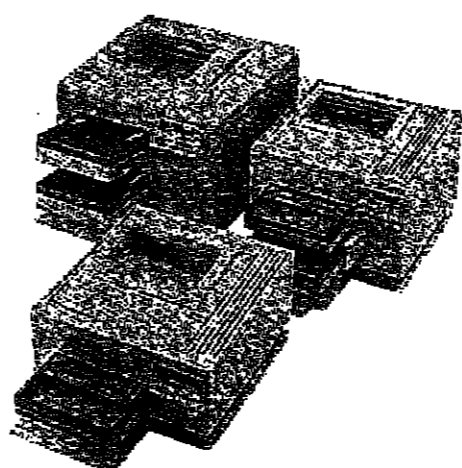
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## INTERNATIONAL NEWS

## Mandela to reconsider nationalisation

By Patti Waldmeir in Johannesburg

MR Nelson Mandela, president of the African National Congress, said yesterday the organisation would reconsider its policy of nationalisation because of opposition from potential investors.

"Nationalisation is our policy," Mr Mandela told businessmen during a visit to Denmark, "but there is a shift in our thinking. We have observed the hostility and concern of businessmen towards nationalisation, and we can't ignore

their perceptions," he said. "If we want to create a climate where investors will not fear losing their investments, their dividends, we have to take a decision on the question of nationalisation."

Mr Mandela for months has insisted that the ANC is not "wedded" to the idea of nationalisation, but has threatened that the movement would resort to nationalisation unless businessmen came up with an alternative which would

improve distribution of income and wealth in South Africa. He repeated this demand only four days ago and is likely to revert to threats of nationalisation if it is not met.

The ANC leader's latest moderate line contradicts views of hardline members within the organisation, some of whom are very influential. His speech last weekend to the World Economic Forum in Davos had originally included a section obviously prepared by hard-

liners, in which he promised nationalisation of key enterprises as "a major step towards overcoming the huge inequality in the ownership of our country's wealth" and accused South African businessmen of illegally transferring huge sums abroad. Mr Mandela dropped these sections.

A further sign of dissent came on Wednesday when the ANC repeated its threat to renege on foreign loans made to the current government,

contradicting assurances made by Mr Mandela at Davos. Yesterday he said he had been struck by the concern over the ANC's nationalisation stand expressed by the 2,000 businessmen present at Davos. He had also been told that whereas countries emerging from war had previously been able to nationalise to provide jobs and stimulate economic growth, this was no longer feasible in a world of inter-linked economies.

## World Bank builds bridges to S Africa

AFTER A quarter of a century's estrangement, South Africa and the World Bank are well on the way to reconciliation. Mr Lewis Preston, the Bank's president, is to visit South Africa next week, his first trip to Africa since he took up the job last September.

For months, World Bank officials have pursued informal contacts with the various political parties and groups in South Africa. Several teams have been to research an economy which has been virtually unknown to the Bank since lending was suspended for political reasons in 1967. Now, relations seem set to assume a higher profile.

Immediate access to Bank funding is not in prospect, however. The Bank is expected to resume lending only when a multi-party interim government is in place. Even then, there will be room for disputes within the Bank's board over what constitutes an interim government. Would a multi-racial executive with only limited powers (one option) qualify for renewed access, or will the board demand more fundamental change? In practice, it seems likely that the board will follow the advice of the African National Congress on the issue.

## Patti Waldmeir looks at Pretoria's bid for international financial respectability

Once formal relations are restored, debate will begin in earnest over whether South Africa should qualify for heavily subsidised loans from the International Development Association (the Bank's soft loan agency which lends to the world's poorest countries), or only for the mildly concessional loans available to middle-income countries.

Income per capita in South Africa, at \$2,520 a year in 1990, far exceeds the limit of \$740 normally imposed on IDA recipients. However, the grossly unequal distribution of income between whites and blacks might mean that South Africa could be treated as a special case for soft loans.

But with the IDA's funding already under serious pressure from claimants worldwide, officials in Pretoria seem resigned to doing without heavily subsidised finance. The size of any World

Bank programme for South Africa would thus be determined by demand from Pretoria: how much would a new government wish to borrow, given that the terms are only mildly concessional? South Africa benefits indirectly from IDA finance by participating in regional projects aimed at low income countries such as neighbouring Mozambique. South Africa's electricity utility, Eskom, is keen to develop a regional electricity grid and various energy projects involving South African companies are under discussion. But the recipient government in such cases would be Mozambique, not South Africa.

Government officials say no project plans have yet been drawn up for South Africa itself, nor have amounts been discussed. But World Bank lending is likely to focus on education and urban development, the two areas already researched by Bank officials. With 7m people living in informal settlements countrywide - including millions in squatter shacks - urban development will be a high priority for the new government.

Education, too, is in crisis, with black schools desperately overcrowded, facili-

ties poor and teachers poorly qualified. Already, the Bank is ready to provide informal technical assistance to black South Africans, with plans about to train those who might be officials of a future government through the Bank's Economic Development Institute.

The ANC, for its part, remains deeply suspicious of international financial institutions such as the Bank and the International Monetary Fund, with some officials adopting the rhetoric of the 1980s to condemn them as neo-imperialist organisations. But ANC officials have met previous World Bank teams, and two of the movement's senior leaders are to see Mr Preston during his visit.

The International Finance Corporation (IFC), another World Bank finance affiliate, is likely to be active in the South African private sector. Once lending resumes, the IFC is expected to focus its efforts on helping non-white entrepreneurs, selling management consultancy services and setting up an "enterprise fund" aimed at small businesses, as it has done elsewhere in Africa. Eventually, the IFC could become involved in project finance in areas such as mining and chemicals.

## Egyptian rebuff for Moslem Brotherhood

By Tony Walker in Cairo

EGYPT'S banned but tolerated Moslem Brotherhood has again been denied legal status by an Egyptian court, in a decision which comes at a time when the government is edging about an apparent upswing in Islamic militancy across the Arab world.

The Brotherhood, which was outlawed in 1954 after President Gamal Abdel Nasser accused it of plotting his overthrow, has been pressing unsuccessfully for registration as a charitable organisation.

Egypt's constitution would prevent, in any case, the Brotherhood gaining acceptance as a political party since it bans political organisations based on race or religion.

Egypt's Administrative Court gave no reason for rejecting the Brotherhood's latest application. It intends to appeal. Mr Mohammed Selim, lawyer for the Moslem Brotherhood, declared after the ruling: "All we can do is resort to the Higher Administrative Court."

The Moslem Brotherhood, the country's mainstream Islamic force, is allowed a fair degree of latitude to organise, canvass politically and operate schools and clinics. It has gained seats in parliament in partnership with the tiny Liberal and Socialist Labour parties, but along with other main opposition groupings boycotted the last election held in November 1990.

Brotherhood supporters argue that continued denial of legal status makes no sense since the organisation is allowed to operate openly, although it may not contest elections in its own right.

Two Israeli Arabs arrested earlier this week in Egypt on suspicion of spying are being interrogated in a maximum security prison in Cairo, according to the Cairo official press.

The two are described as a 41-year-old man and his daughter. Egyptian newspapers reported that illegal communications equipment and official documents were found in their suburban home in Helwan.

This is believed to be the first case of Egyptian arrestees suspected Israeli spies since the two countries signed their peace treaty in 1979.



Presidential hopeful Eduardo "Danding" Cojuangco (centre) yesterday announced his ticket for the May elections, including former supporters of his estranged cousin, President Corason Aquino, such as Senator John Osmena, his vice-presidential candidate (left).

## Punjab election campaign begins

By K K Sharma in New Delhi

A FORTNIGHT'S election campaigning in Punjab began quietly yesterday in the shadow of guns wielded by both militants and the troops that have been deployed in the state to keep them at bay.

Candidates were under heavy military escort and there was little of the enthusiasm associated with the start of an election process. Polling will be held on February 19 to elect 13 members of parliament and 117 members of the Punjab legislature.

For the last nine years, the state has been torn by violence by Sikh militants seeking independence. Initial election rallies were held not to propagate the contestants' policies but to urge the voters either to boycott the election or to get them to vote at all.

The election is being boycotted by the main factions of the Akali Dal, the Sikhs' main political party, under instructions from the militants. The Akalis held rallies throughout the state asking the people not to vote. Anti-boycott rallies

India yesterday denied it had received 12.5 tonnes of heavy water that Norway said was diverted from a 1986 shipment it sold to Romania, AP-DJ reports from New Delhi. A Foreign Ministry official said all of India's heavy water was legally imported only from the Soviet Union and was used in atomic power reactors under international safeguards. "The question of smuggling of heavy water does not arise,"

were held by the authorities. The Indian government claims it has made sufficient arrangements for a fair and free election and is urging voters to turn out in large numbers.

One small faction of the Akali Dal is, however, contesting the election, a faction led by Mr Amrit Singh, a former prince of the Patiala royal family. Mr Singh was declared elected to the Punjab legislature on Wednesday

when all his opponents withdrew from the contest. This is seen as part of moves being made by the contesting political parties to ensure an Akali presence in the new legislature to give it respectability.

The other main parties contesting the election are Congress, which also forms the federal government, the Hindu revivalist Bharatiya Janata Party, which is the official opposition in parliament, and the Marxists.

The period of campaigning has been cut to a fortnight because of security problems in Punjab. The state has been under president's rule (direct administration from New Delhi) for 56 months after the last Akali government was dismissed for failing to check violence by the militants. The situation has got worse under president's rule.

The Indian government has called elections in Punjab to see whether restoration of democracy and an elected government can do better.

## Chalker coy of making aid commitment

By William Keeling

MRS Lynda Chalker, the UK's minister for overseas development, refused yesterday to give a timetable for increasing Britain's overseas aid to levels in line with other European Community countries.

Britain's overseas aid in 1990 was 0.27 per cent of gross domestic product, against an average of 0.5 per cent of GNP in other EC countries, and a United Nations target of 0.7 per cent agreed by the UK in 1974.

Mrs Chalker told a press conference that any increase in aid "depends upon growth in this country (the UK)", but added that current British aid was of a higher quality than that of many donor nations.

Mrs Chalker urged the EC to work the criteria of good government - sound economic policies, competent and accountable management, and respect for human rights - into its dialogue with developing countries.

Westinghouse said yesterday it was disappointed by the judgment, but that it was confident it would win the case. Total value of the civil action is put at more than \$1bn, most of this relating to the contract performance aspects being reviewed in Geneva. It is understood that the damages being sought in the US are between \$100m and \$300m.

According to officials, the trial committee has accelerated discussions on an out-of-court settlement.

Mr Bramble - reading from official DEA reports he had written - acknowledged that the information that led to Mr

## AMERICAN NEWS

## Argentine prices increase by 3% in January

By John Barham in Buenos Aires

ARGENTINA'S ambitious anti-inflation strategy has received a body blow with the announcement of a 3 per cent increase in prices in January. The policies of Mr Domingo Cavallo, economy minister and architect of Argentina's economic revival, hinge on lowering inflation to international levels.

Mr Cavallo forecast inflation of 64 per cent this year, but January's surprisingly heavy increase makes that target almost unattainable.

Although January's inflation is low by Argentina's standards, it came as a bitter disappointment after monthly inflation sank to a 20-year low of 0.4 per cent in November, rising slightly to 0.6 per cent in December.

January's increase brings the 12-month inflation rate to 76 per cent.

Mr Cavallo must hold price increases down to 0.35 per cent a month for the rest of the year to meet his inflation target and avoid plunging insuperable strains on the fixed exchange rate, the weakest link in his strategy.

Argentina's peso is now pegged to the US dollar after floating at the outset of free convertibility last April.

Since April inflation has risen by 25 per cent while the

peso has lost only 2 per cent of its value, making the currency increasingly overvalued. Nonetheless, export competitiveness has been maintained by reducing internal taxes.

Officials emphasised that January's increase was due to seasonal factors. They stressed that fiscal and monetary policies were fully on target and warned against a return to indexing wages and prices to the inflation rate, a move that would be guaranteed to re-ignite steep inflation.

Earlier, Mr Cavallo had warned that heavy, sustained inflation would automatically lead to a recession.

Last year the economy grew an estimated 5 per cent while the government projects 6 per cent growth in real terms this year.

## Brazil blocks Eletrobras accounts

By Christina Lamb in Rio de Janeiro

THE Brazilian economy ministry has frozen all the accounts of Eletrobras, the state electricity company, for not honouring its foreign debts and has warned that it will do the same to any other state company which fails to make payments.

The crackdown comes after repeated failure by Eletrobras to meet payments due to the World Bank and other international creditors. Eletrobras (the southern electricity company) and CHESF (the Sao Francisco hydro-electricity company) have also had their accounts blocked. Over the last year the three companies ran up \$300m in arrears.

Last month the Treasury paid a \$45m instalment due from Eletrobras to the World Bank when the company again failed to deposit the money and economy ministry officials say the accounts will remain frozen until this is repaid.

The electricity companies' failure to meet payments is an embarrassment to the Brazilian government, which is in the midst of an offensive to renegotiate its foreign debt. Mr Marcello Marques Moreira, the economy minister, is in Europe meeting members of the Paris Club group of official creditors to whom Brazil owes \$2bn.

He will present an official proposal which will then be discussed at a meeting on February 24.

## Fujimori seeks UK help on terrorism and trafficking

By Ken Warn

PERU'S President Alberto Fujimori yesterday called on Britain to assist his country with its economic reconstruction and in the fight against terrorism and drug trafficking.

"The support of the United Kingdom is very important to us - perhaps the most important even in a symbolic way at the moment to show solidarity for our situation," Mr Fujimori said in an interview with the Financial Times.

Mr Fujimori, on his first visit to London, met Mr John Major, the British prime minister, for talks on Wednesday at which he described Peru's economic reconstruction and stabilisation programme.

Mr Fujimori suggested Britain might provide training to assist in the fight against terrorism.

Britain did not participate in the support group of nations, led by the US and Japan, which eased Peru's gradual re-entry into the world financial system following the election of Mr Fujimori in 1990.

Peru's economic programme won IMF approval in September last year.

Mr Fujimori, who is also using his unofficial visit to Britain to highlight the environmental damage caused by the drug trade, vigorously defended his anti-drug and anti-terrorism campaigns. "When I took over the government the anti-drug policy was very repressive and militaristic," he said.

"In our new strategy we do not have to fight against the farmers. We have to distinguish between the farmer who is growing the coca leaf and those who process and commercialise cocaine," he said. "We have to gain the confidence of the farmers, who are actually exploited by the drug traffickers. We have to campaign to help them change."

Peru produces at least 60 per cent of the world's coca leaf, the raw material for cocaine. The surprise resignation last month of Mr Hernando de Soto as adviser on drug trafficking would not change Peru's policy, Mr Fujimori said.

Mr De Soto, the architect of the shift in emphasis from enforcement to economic development as the key to battling drugs, cited the high level of official corruption as one reason for his resignation.



Fujimori: UK help 'very important to us'

Mr Fujimori admitted that corruption continued to be a problem. "Without corruption you could not explain how drugs continued to arrive in the US. But the level of corruption has been reduced."

He also claimed progress against the Maoist Sendero Luminoso (Shining Path) guerrillas and the MRTA (the Tupac Amaru Revolutionary Movement), which have waged a long and bloody struggle against the Peruvian state.

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## US court rejects Westinghouse N-plant appeal

By Frank Gray

A US FEDERAL court has rejected an appeal by Westinghouse Electric of a drop in bribery and corruption charges in connection with a nuclear power project in the Philippines.

Westinghouse and Burns & Roe, consultants to the deal, will as a result have to face a jury trial in Newark, New Jersey, to start on March 2.

The decision is a blow to Westinghouse, which last month made a final attempt to quash the allegations brought more than four years ago by the Philippine government and the National Power Corporation (NPC), the state power company which signed the

initial contract in 1976.

The original deal, negotiated under the former regime of President Ferdinand Marcos, called for construction of a 620 megawatt nuclear power station on the Bataan peninsula. The plant was completed in 1986, but was mothballed before it was handed over to the government of Mrs Corason Aquino following Mr Marcos' exile.

The NPC and the government filed suit in the US in December 1988, claiming the contract was won as a result of \$17m in bribes paid to Mr Marcos. The alleged bribes took the form of a \$17m special sales representative consultancy payment to Mr Herminio Dis-

ini, a Marcos associate, who now lives outside the Philippines.

Many of the technical counts connected with the deal were referred by the US court to the International Chamber of Commerce (ICC) in Geneva, while the US court, presided over by Judge Dickinson Debevoise, committed the company to a jury trial on the bribery and corruption allegations.

In late December, the ICC issued a preliminary finding that, in its view, there was no evidence that bribes were paid to win the contract. It is still deliberating the technical issues.

On the basis of the ICC rul-

ing, Westinghouse lawyers sought to invoke the doctrine of collateral estoppel, a legal term meaning that the ICC ruling should apply to the US case. On this basis, they called for the US case to be dropped.

After reviewing oral and written arguments by both sides, Judge Debevoise refused to apply the ICC ruling, while "having no quarrel with the ICC," he nevertheless found numerous faults with the judgment.

Chief among these was that the ICC was operating on extremely narrow parameters in which only the most overt evidence of bribes to Mr Marcos would have persuaded the

tribunal of the defendants' guilt.

Westinghouse said yesterday it was disappointed by the judgment, but that it was confident it would win the case. Total value of the civil action is put at more than \$1bn, most of this relating to the contract performance aspects being reviewed in Geneva. It is understood that the damages being sought in the US are between \$100m and \$300m.

According to officials, the trial committee has accelerated discussions on an out-of-court settlement.

Frank Gray is Editor of Power in Asia, a Financial Times survey newsletter.

Millan's arrest had been independently developed by Panamanian narcotics officers and passed on to the DEA.

When Mr Millan was arrested in Florida, government agents seized \$5.5m in cash, more than 61 pounds of cocaine, and a Lear jet aircraft. The DEA report called the seizure "significant."

In other testimony, former DEA agent Mr Arthur Sedillo, who was stationed in Panama from August 1977 until August 1979, read a cable he had received from the then-chief administrator of the DEA, Mr Peter Bensinger, in which Mr Bensinger asked that Gen Noriega be congratulated for his role in an "impressive seizure" of cocaine being smuggled to the US via Panama.

The defence, by calling current and former government officials and requiring them to read documents they wrote concerning Gen Noriega's efforts in drug law enforcement, is attempting to counter the prosecution's claim that Gen Noriega essentially turned Panama into a safe haven for Colombian cocaine dealers.

Both Mr Bensinger and another former DEA chief administrator, Mr John Lawn,

argued that the kind words they may have written about Gen Noriega were diplomatic niceties rather than statements of fact.

But letters and memoranda by both Mr Sedillo and Mr Bramble also referred to co-operation between the DEA and Panamanian forces under the command of Gen Noriega.

Mr Frank Rubino, the lead defence counsel, said in an interview that showing the extent of the co-operation was a central part of the defence strategy. "We are expected to be fully informed by another DEA agent who worked in Panama," he said.

Another defence witness, Jon May, confirmed the defence has already begun to require testimony from Col Oliver North, the US congressman who was involved in the Iran-Contra affair and other celebrity witnesses who had been subpoenaed.

Mr May and Mr Rubino expect to finish presenting their case in 24 hours. The prosecution is expected to offer a rebuttal, then the judge will get his decision on who and what to believe.

## AMERICAN NEWS

# Bush's defensive game-plan is primary concern

The stubborn US recession may turn the president's ragged advance into a battle, writes Lionel Barber

**S**HORTLY before Christmas, one of President George Bush's closest advisers offered a glimpse of the game-plan for halting the president's slide in popularity and laying the groundwork for winning the 1992 election.

First, Mr John Sununu, the White House chief of staff, would be dumped; second, the president would unveil an economic recovery plan in his State of the Union address in late January; third, Mr Bush would steal the Democrats' clothing by outlining plans for health care reform.

"We have a plan," said the adviser, "and it is a good one."

Today, the White House plan looks threadbare. Mr Bush's popularity is more than 40 points lower than a year ago during the Gulf war. The president sounds defensive. And the presidential election campaign is about to begin, in earnest.

On Monday, in the mid-west farm state of Iowa, several thousand registered voters, Republican and Democrat, will gather in schools, churches and other public places to select delegates for their party's caucus, which will in turn nominate the presidential candidates. These meetings - called caucuses - mark the official opening of the 1992 campaign.

In many senses, 1992 is a landmark election. It is the first of the post-Cold War era - anti-communism, which has defined the political terrain in every election since 1945, has seen its enemy vanquished in its own citadel.

Almost four out of five voters say domestic issues matter more to them than foreign policy. After the vacuous 1988 campaign - where Mr Bush missed a chance to win a mandate for change - there may be some hope of a serious debate about the future of the country.

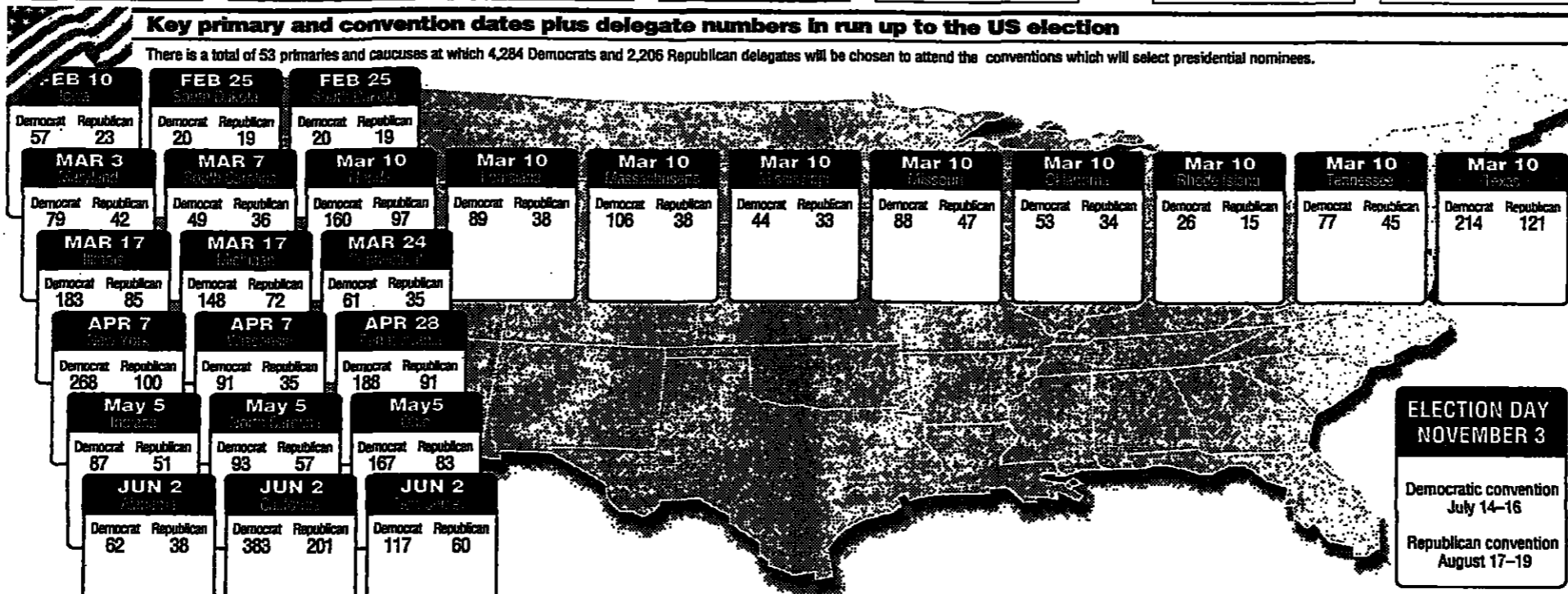
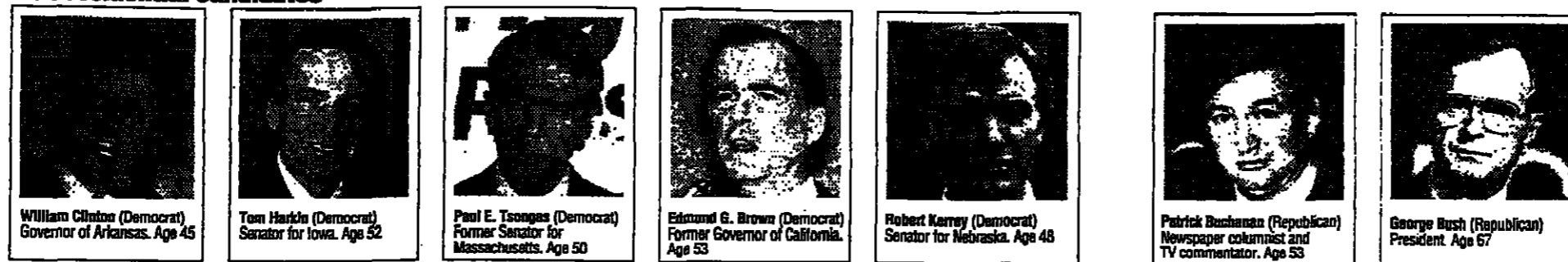
Certainly, voters worried about the recession and the security of their jobs are looking for more than empty slogans.

Democratic candidates such as Governor Bill Clinton of Arkansas and former Senator Paul Tsongas of Massachusetts, each of whom can spell out a five-point plan faster than one can say "Mike Dukakis", are attracting attention and support. Mr Bush, singularly unadventurous on the domestic front, has been forced to respond.

In previous years, Iowa held the attention of the rest of the nation.

Mr Jimmy Carter's surprisingly strong showing in 1976 turned him into a serious presidential contender overnight; then Vice President George Bush suffered a humiliating third-place finish in 1980, tempting some commentators to write him off until his spectacular come-from-behind win in

## US Presidential candidates



will present a... at which... at a meeting...

New Hampshire. This year, Mr Bush faces a challenge from Mr Patrick Buchanan, the TV commentator and former speechwriter to presidents Nixon and Reagan.

Mr Buchanan, a tax-cutting conservative with neo-isolationist "America First" rhetoric. No one believes he will deprive Mr Bush of the Republican nomination; but if he could gain 30 per cent of the vote in the February 18 primary election in New Hampshire, he would instantly regain the mantle of front-runner. By some calculations, Mr Clinton, riding a tide of southern voters mixed with support in the

heavy industrial states of Illinois and Michigan, could wrap up the presidential nomination by early April, just after the New York primary.

But the path to the nomination - and the White House - is rarely so smooth. If Mr Clinton were to finish a poor second in New Hampshire, to say, Mr Tsongas, it would fundamentally change the dynamics of the Democratic race. At the very least, it might provoke an even closer look at Mr Tsongas, a cancer survivor whose big pitch is US competitiveness and the need for a

recovery in manufacturing, but Mr Tsongas' appeal outside his native north-east looks limited. A second possibility is that a new candidate could enter the race. The obstacles are formidable by the end of January, filing deadlines passed in 18 states, which produce 40 per cent of the pledged delegates to the convention. After New Hampshire, filing deadlines will have passed in 27 states, covering almost 60 per cent of the pledged delegates. Yet unless Mr Tsongas, Senator Bob Kerrey of Nebraska (Vietnam war hero), Mr Harkin, or

former Governor Jerry Brown of California "catch fire", a nationally known figure such as Congressman Dick Gephardt, House majority leader, would be sorely tempted to run.

The Democrats desperately want to win in 1992. Having lost five out of the last six presidential campaigns, the party look at the White House as a coveted, but remote prize.

In the 1980s, the party focused too much energy on maintaining a legislative majority in the House and Senate - only to discover at the

end of the decade that voters were deeply hostile to Congress, angry about the perks and privileges of incumbency, and worried about the apparent paralysis of national government.

The November election, which also includes the whole-sale re-election of the House of Representatives and one-third of the US Senate, will be a testing ground for a voter reaction against incumbents.

The political process in the US has always been a slow-moving affair, the Founding Fathers wanted it so. But in recent years, the inertia has become more serious because Americans have tended to vote increasingly for "divided government", where Democratic majorities in Congress counter-balance Republican presidents. The formula seemed simple: leave Republicans to handle foreign affairs and national security and let the Democrats dole out the money for domestic programmes at home.

A year ago, a complacent Mr Bush believed that this formula would hold good in 1992. The crushing victory in the Gulf war seemed to guarantee him re-election; certainly, it was enough to scare off heavy-weight Democratic challengers, leaving the field to a handful of candidates who remain little known on the national stage.

The stubborn US recession has forced Mr Bush to recalculate; like his advisers, he senses that it will not be enough to simply defend the status quo.

That is why he offered his national health care plan yesterday, and why Americans will be hearing a good deal more talk about the "caring President" who is interested in domestic - rather than foreign affairs - in the coming months.

In reality, Mr Bush is banking on an economic recovery by late spring or early summer. Without an obvious upturn, Mr Bush could be vulnerable to a Democratic challenger. The problem for the Democrats is that no single candidate currently in the field, with the possible exception of Mr Clinton, looks capable of bridging the "status gap" with the president.

## Battle lines drawn on health care

By George Graham in Washington

**W**ITH the publication of President George Bush's "Comprehensive Health Reform Program" yesterday, the lines have been drawn for a fierce political battle over the US medical system.

Mr Bush's proposal is based on providing vouchers of up to \$1,250 per person to help low income families pay for health insurance, as well as allowing middle income families expanded tax deductions for their medical expenses.

"I think the President's plan is one that is comprehensive and compassionate. It provides for the first time a vehicle to finance health insurance for the poor as well as to help those with incomes up to \$30,000. That's 90m Americans who will be benefited," said Mr Louis Sullivan, secretary of health.

The US can in many ways claim unparalleled medical excellence. It also spends more money on health care than any other nation - an estimated \$817bn this year - yet leaves many of its citizens without access to this care.

Most Americans believe the system needs reforming. A recent Gallup poll showed 91 per cent agreed there was a health care crisis, but 73 per cent were satisfied with the treatment they received.

This paradox helps explain why politicians have for so long regarded health as a no-win issue: any reform proposal was bound to irritate powerful lobbies such as doctors, medical insurance companies or retired people - an influential

group who vote in far greater numbers than their younger competitors.

Nevertheless, two glaring problems have at last driven health to the top of the political agenda.

The first is that over 35m Americans, most of them employed by businesses that cannot afford coverage for their workforce, have no health insurance and are bankrupted or reduced to charity to obtain medical treatment.

The second is runaway inflation in medical costs that has placed an ever-growing burden both on businesses which provide insurance for their employees, and on the US government. The government foots an increasing portion of the US medical bill through Medicare, the federal insurance plan for over-65s, and Medicaid, under which all states except Arizona provide basic health services to the poor.

Businesses have long complained about the costs they have to bear. Recently, however, their employees, too, have begun to complain, as companies have boosted the amount of any bill patients must pay themselves and excluded more and more medical services.

Three main types of solution have been proposed:

- A national health insurance system similar to that in Canada. This is proposed notably by Senator Bob Kerrey, one of the Democratic presidential candidates. Its drawback is that it would create a new bureaucracy that would

have to be funded by taxes, and would put the private health insurance industry, with an estimated 174,000 employees, out of business.

It is viciously attacked by the Republicans as "socialised medicine", a charge which ignores the fact that 44 per cent of all health spending already comes from government, through Medicare, Medicaid, veterans' hospitals and other programmes.

- "Play or pay", where employers would choose between providing insurance for employees or paying into a state pool, which would provide basic coverage. This is favoured by many Democrats, including Senator George Mitchell, Senate majority leader, but is criticised by the administration for imposing new costs on business.
- The voucher system proposed by President Bush to allow low income families to buy their own insurance, coupled with increased tax deductibility for medical expenses to help middle income families. The Bush plan also includes arrangements to help small businesses pool their insurance buying in health insurance networks (HINs).

All of these approaches would address the problem of those with no medical coverage. The administration says its plan would cover 24.1m Americans who are currently uninsured, through vouchers or tax deductions, and 5m more through the reforms it proposes to the insurance market. It acknowledges, however, that 4.9m people will remain uncovered.

Some of the sources of soaring costs are easy to pinpoint - unnecessary medical tests, wasted paperwork, and higher malpractice insurance costs as doctors seek to protect themselves against lawsuits.

President Bush's proposal to provide vouchers for the poor would, the administration argues, and the problem of cost-shifting, by ensuring that everyone can pay their hospital bills.

The administration also hopes to reduce unnecessary medical procedures by encouraging "co-ordinated care" such as health maintenance organisations (HMOs). In their simplest form, HMOs involve a clinic or group of doctors undertaking to provide all of their members' medical care for a flat annual fee, thus reducing the incentive to order expensive and redundant tests.

However, President Bush has ducked the question of how to pay the immediate costs of reform.

The administration's white paper claims to offer savings on total US health expenditure of between 6 and 14 per cent - a cumulative total of \$384bn by 1997 and \$549bn by the end of the century.

The decision to backpedal on funding is viewed by many as a signal that Mr Bush has no intention of pressing hard for health care reform before the election. He would not be alone among politicians in continuing to view health care as a no-win issue.

## Clinton accused of draft dodging

By Lionel Barber in Washington

**G**OVERNOR Bill Clinton of Arkansas, whose presidential campaign was thrust on to the defensive by allegations of adultery, yesterday faced charges that he dodged the draft during the Vietnam War.

Although Mr Clinton dismissed the charges as "old news", similar charges dogged Vice President Dan Quayle during the 1988 election campaign and may not be so easily brushed aside.

The Arkansas governor is the front-runner for the Democratic presidential nomination, and the latest controversy comes less than two weeks before the February 18 New Hampshire primary election, the crucial first test of the 1992 campaign.

The Wall Street Journal reported yesterday that Mr Clinton promised in 1969 to enter a reserve officers' training programme (ROTC) at the University of Arkansas, enabling him to secure a deferment from the draft.

However, Mr Clinton, then a Rhodes Scholar at Oxford and one of the outstanding students in his state, backtracked on his promise, failing to enter either the University of Arkansas or the ROTC. On his return from England, he entered Yale University.

By that time, the draft laws had changed and a draft lottery existed. Mr Clinton's number, based on his birth date, was 311; since no-one with a higher number than 193 was called to service in Vietnam, Mr Clinton, like many privileged young men of his generation, escaped combat duty.

In 1988, Mr Quayle was accused of using political influence to secure a place in the Indiana National Guard. Unlike Mr Quayle, however, Mr Clinton came from a poor family in the south and prospered because of his academic ability.

Mr Clinton, campaigning in New Hampshire, said: "This is an old story that was widely reported in 1978 and has been regularly recycled by the Republicans."

Until yesterday he appeared to have weathered a storm over accusations by a former cabaret singer that he engaged in a 12-year affair while Arkansas governor.



Bush: seeking medical cover for young and poor

## Boskin's silence on fiscal trends speaks volumes

By Michael Prowse in Washington

**I**N ONE of Sir Arthur Conan Doyle's detective stories, Sherlock Holmes draws attention to the dog that failed to bark in the night. Readers of this year's Economic Report of the President may find themselves perplexed by an equally singular omission: the absence of detailed discussion of budgetary trends.

The 423-page report is the annual showpiece of the President's Council of Economic Advisers, headed by Mr Michael Boskin, an economist from Stanford University. The administration distributes about 45,000 copies, many to colleges. Economists regard it as one of the most authoritative sources of information about US economic trends.

Most economists regard the shortage of national savings as a key problem facing the economy. This is exacerbated by huge budget deficits, which count as negative saving by the public sector. Mr Boskin ignores the deficit, presumably because trends have deteriorated badly during his three-year tenure. This year's deficit is expected to hit \$400bn (\$220.9bn) or 6.7 per cent of

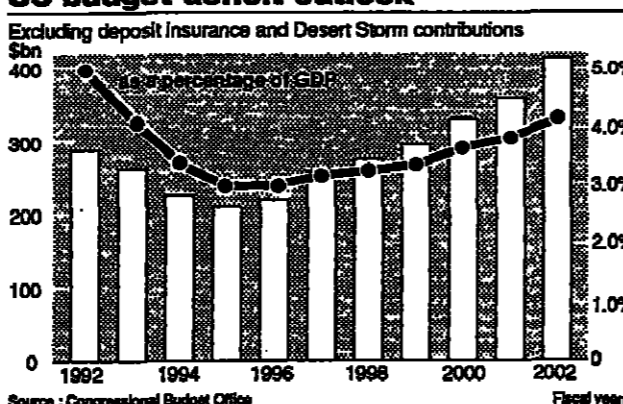
gross domestic product - bigger than the largest deficits during the Reagan years.

For the first time in memory, the White House is not forecasting a return to budget balance in the medium term. After allowing for the cyclical state of the economy and the exceptional items (such as the cost of bailing out bankrupt savings and loan institutions), the "structural" budget deficit is forecast to fall from \$268bn this fiscal year to a trough of \$190bn in 1996. It then begins rising again, driven by rapid growth of spending on "entitlement" programmes such as health care for the elderly.

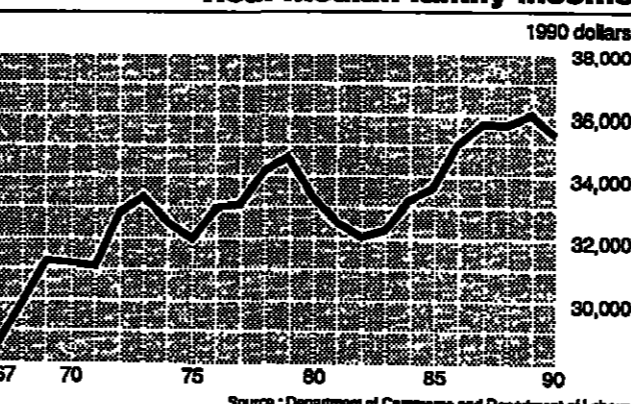
This outlook - similar to predictions by independent groups such as the Congressional Budget Office - is probably too optimistic. The administration has repeatedly underestimated growth of spending and exaggerated its ability to raise tax revenue.

Many economists may feel shortchanged by Mr Boskin's failure to address the principal problems facing the economy. By glossing over adverse fiscal trends, he is encouraging complacency in Congress, which

### US budget deficit outlook



### Real median family income



may well pass bigger tax cuts than proposed by Mr Bush in last week's budget. Given spending trends, the figures suggest the US needs a tax increase of 2-3 percentage points of GDP if it is to eliminate its deficit and rebuild national savings.

The report fleshes out the budget prediction that a sustained economic recovery will begin in the spring and gather pace through the year. If Congress passes Mr Bush's

"growth package" Mr Boskin expects the economy to grow by 2.2 per cent between the final quarters of 1991 and 1992. If the package is rejected, he predicts growth of only 1.6 per cent. In future years, the measures will ensure growth of about 3 per cent compared with 2.6 per cent if the package is not passed.

This time last year Mr Boskin (and many private sector economists) wrongly forecast economic recovery last spring.

Recovery is more likely this year because interest rates are lower and companies and individuals have begun to pay off debts accumulated in the 1980s. However, predictions of an early upturn are not yet supported by data.

Mr Boskin fails to explain how the president's economic package will raise growth by as much as 0.4 percentage points a year over the medium term. Most of the proposed tax changes - such as incentives

for corporate investment and home ownership - are temporary and will cost little in lost revenue.

It is thus hard to see why growth should be boosted, not just this year but as far off as 1996 and 1997. Some will say Mr Boskin has bowed to political pressure and exaggerated the economic potency of the president's package.

Critics of the administration have argued that much of the prosperity of the 1980s was illu-

sory. Statistics are often quoted which appear to show that the incomes of middle-class families have stagnated since the early 1970s. Mr Boskin's report attempts to debunk such claims.

But he concedes the central point that a rapid slowdown in productivity growth in the past two decades has caused incomes to rise much less fast than immediately after the Second World War.

Most economists say the root cause of low investment is a low rate of domestic saving. Net savings by the private and public sectors combined is estimated to have fallen to about 2 per cent of net national product by the end of the 1980s - a decline of about 75 per cent relative to previous decades.

The growth of federal budget deficits accounts for a large portion of this decline in savings. This is a dog that many analysts believe should have barked loudly in Mr Boskin's report.

The 1992 Economic Report of the President is available from the US Government Printing Office, Washington DC 20402-9322.

## UK NEWS

## Warning for press after politicians' revelations

By Richard Evans, Raymond Snoddy and Neil Buckley

LORD MCGREGOR, chairman of the Press Complaints Commission, appealed to newspaper editors yesterday to exercise restraint in the wake of the revelations about the private life of Mr Paddy Ashdown, the Liberal Democrat leader.

His plea came as the Labour and Liberal Democrat parties launched inquiries into break-ins at offices at Westminster and throughout the country to discover whether they were simple burglaries or had a more sinister motive.

Scotland Yard said it would consider setting up a "dirty tricks" squad to investigate whether the spate of break-ins had been politically motivated as soon as a formal request for an inquiry was received.

In a personal statement, Lord McGregor warned newspapers of "the dangerous consequences in the pre-election period of mixing political reporting with irrelevant commentaries upon the private lives of political figures".

He reminded the press that following the Calcutt Committee report on privacy, it had been given 18 months to prove that self-regulation could work and that the 18 months ran out in July. "A return to the pre-Calcutt performance will certainly result in a law of privacy and a statutory body with legal powers to enforce sanctions against the press."

Lord McGregor's warning came as concern mounted that the willingness of some newspapers to pay large sums for material that compromises public figures might have led to more theft of personal papers and computer records.

Most politicians incline to believe that the break-ins were unrelated rather than a conspiracy by a political party or the security services.

The theft of damaging personal papers last month from Mr Ashdown's solicitors lent initial credence to the conspiracy theory, but police said they regarded the thief's discovery of the papers as a fluke. A man was arrested in Brighton yesterday in connection with the burglary.

The Liberal Democrats published a list of burglaries at party offices and plan to call for a police inquiry when more details have been called.

At least seven Labour MPs have had their Westminster offices burgled in the past six months. These include the theft of computer disks, party documents and private correspondence from Mr John Cunningham, Labour's campaign co-ordinator, and Mr John Prescott, transport spokesman.

Conservative Central Office listed 35 constituency office burglaries in the past 18 months, including one in Bath, where Mr Chris Patten, party chairman, is MP.

Joe Rogaly, Page 11

## SFO chief takes public prosecution job

By Robert Rice, Legal Correspondent

MRS BARBARA MILLS QC, director of the Serious Fraud Office, is to be the new director of public prosecutions (DPP).

Mrs Mills, 51, the first woman to hold the office, replaces Sir Allan Green QC, who resigned in October after he was stopped by police for alleged kerb crawling in the red-light district of King's Cross, London.

Announcing the appointment three months after Sir Patrick Mayhew QC, the attorney general, decided to advertise the £77,000-a-year post for the first time, the Crown Prosecution Service (CPS) said yesterday Mrs Mills would take up her job after her successor at the SFO had been appointed.

In a brief statement issued by her office, Mrs Mills said: "I am honoured to have been appointed as DPP. I have a very high regard for the work of the CPS and am proud to have been chosen to head it."

Mrs Mills said that she was sorry to be leaving the SFO, which had proved itself to be a valuable part of England's prosecution structure.

She leaves the SFO after only 18 months, at a time when

it is facing mounting criticism for its handling of the alleged conspiracy arising out of the 1987 failed 2837m Blue Arrow rights issue.

Her successor, the SFO's third head in its 34-year history, will inherit three of the biggest fraud investigations undertaken: the collapse of the Polly Peck fruit and electronics empire; the Bank of Credit and Commerce International; and the Maxwell empire.

Her move also comes at a difficult time for the CPS, which is under scrutiny by the Royal Commission on Criminal

Justice which was set up after the release of the Birmingham Six last year. The Commission is widely expected to recommend an enhanced role for the CPS in police investigations.

Her appointment was welcomed by solicitors and barristers. The Bar Council said she was the right person to carry on the task begun by Sir Allan of enhancing the morale and standing of the CPS and of attracting graduates of quality into the legal service.

Mrs Mills arrived at the SFO in September 1990 in time to

beak in the glory of the successful first Guinness prosecution in which she appeared as second Crown prosecutor - the SFO's only significant success to date.

Her appointment as DPP is likely to raise again questions about her husband's business career. He resigned in 1987 as deputy chairman of the London Docklands Development Corporation after it was disclosed that a company with which he was connected had been convicted under trading standards law.

Observer, Page 10

## Climate of fear settles on sectarian Belfast

Eight murders this week have raised concerns over security in Ulster, writes Tim Coone

ON the street corner adjoining the Belfast bookmaker's shop, where five Catholics, including a 15-year-old boy, were murdered by Loyalist gunmen on Wednesday, a sign says "Hatfield Street - best kept street 1990".

Yesterday flowers had been taped to the shattered front of the shop, facing the Ormeau Road. More ominously, an IRA symbol has been painted there as well.

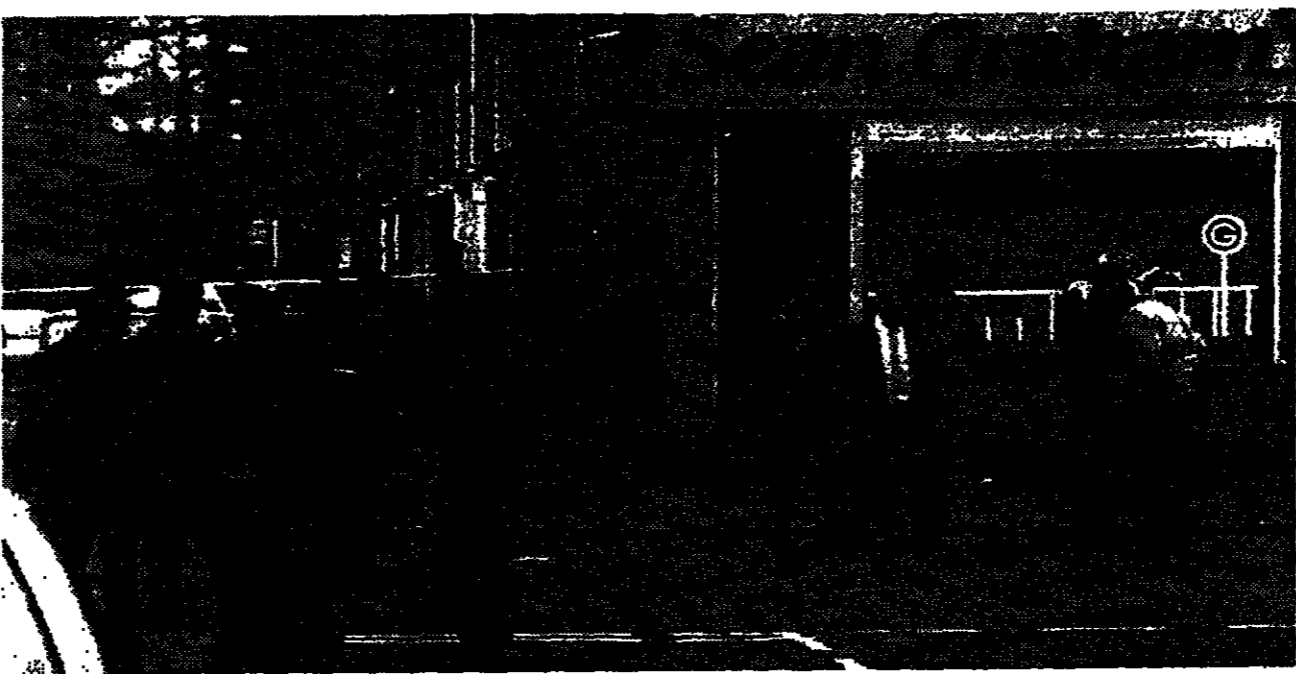
The streets off the Ormeau Road are home to a Catholic enclave, bordered by several Loyalist neighbourhoods. It has been the scene of numerous paramilitary killings over the past 20 years.

The attack, which followed the murder on Tuesday of three people by an off duty officer in the RUC - the Ulster police force, has created a new atmosphere of fear in Belfast's sectarian suburbs.

A cousin of Mr Peter McGee, one of Wednesday's victims, said: "We are afraid. This sort of thing means there are going to be queues of people to join the IRA, especially the youngsters. There is so much unemployment here, they have nothing else to do."

The fear of an upsurge in violence has grown in Catholic and Protestant communities. Many residents fear that paramilitary groups could take advantage of the vacuum created by the failure of Mr Peter Brooke, the Northern Ireland secretary, to get the main political parties in the North to return to the negotiating table.

In the past six weeks, 26 people have been killed in North-



Residents and officers of the security forces gather outside the betting shop, where five people were killed this week

ern Ireland by paramilitaries of both sides. The Loyalist Ulster Freedom Fighters (UFF) have claimed responsibility for both the RUC officer's attack on the Sinn Féin office and for the betting shop slaughter. They said they were in retaliation for an IRA bomb attack last month which killed eight Protestant workers.

The UFF warned that its attacks will continue. But in Dublin yesterday, the IRA claimed in a statement it "will not be drawn into sectarian killings which suit only the British."

Nelson was jailed for 10

years after admitting conspiracy to murder five men and other terrorist charges.

The RUC, meanwhile, says that over the past year, the UFF leadership has been reorganised and taken over by younger hardliners. In 1990, 18 killings were attributed to the Loyalists, and 32 in 1991. In the past week alone, they have killed nine more.

Mr Sean McKnight, a Sinn Féin councillor for Belfast, also suggested that Tuesday's killings were not the work of a lone gunman, as claimed by the RUC. A police spokesman,

however, said: "At this stage there is absolutely no indication that there was an accomplice."

Mr McKnight says there is a sense of insecurity in the Catholic community. "It may sound paranoid, but a lot of people have begun talking about conspiracy theories," he said.

Those theories were being aired along the Ormeau Road yesterday. A friend of Mr McGee, the betting shop victim, said: "People here are talking about a cover-up. I would feel safer with the IRA protecting us than the RUC."

## Four jailed over theme park failure in 17-month trial

By Paul Chesswright, Midlands Correspondent

FOUR MEN were jailed and another was fined yesterday at the end of the UK's longest criminal trial, on charges connected with the 1985 collapse of the Britannia theme park at Shipley, central England, with debts of £2.34m.

Mr Peter Kellard, whose company built the theme park, was sentenced to four years imprisonment and disqualified as a director for five years after being found guilty of 19 fraud charges.

The case covered charges of fraudulent trading, theft, deceit in order to

obtain bank loans and project finance, and the shuffling around of assets to keep them out of the hands of a receiver and to provide funds for the directors of KLF (UK), Mr Kellard's company, and its subsidiaries.

The trial lasted 17 months, the jury heard 158 prosecution witnesses and 28 defence witnesses.

The crimes occurred between 1980, soon after KLF negotiated a lease with Derbyshire County Council for the site, and September 1985, when merchant

bank Samuel Montagu, which provided £3.7m of finance, called in receivers.

There were another 608 creditors, including 200 local businesses, owed up to £20,000 each. Britannia Park was open for three months, half-finished, before receivers were called in.

The trial started after four preliminary hearings, in September 1990, with six defendants, one of whom, Mr Keith Emmett, was cleared of the three charges made against him.

Mr Edward Dwyer was jailed for two

and-a-half years and disqualified for five years on six charges. Mr John Wright was jailed for 18 months and disqualified for three years on five charges. Mr Kenneth Page, who pleaded guilty at the start, was jailed for six months on five charges and Mr Saied Sobhkhil, who changed his plea to guilty last year, was fined £7,500, with £25,000 costs, on two charges.

Britannia Park was devised to honour British invention. Now it exists as the American Adventure Theme Park.

## GEC Alsthom wins contract for £580m gas power project

By Andrew Baxter

POWERGEN, the electricity generator, has selected GEC Alsthom, the Franco-British engineering group, as main contractor for its 1,380MW combined cycle gas turbine power station at Connah's Quay in North Wales.

The station, which will cost about £580m if a second optional phase is built, will provide power for more than 1.25m people and create about 1,000 jobs at Connah's Quay during construction. It is due to begin operating commercially in 1994.

The deal is the third big combined cycle contract in three weeks for GEC Alsthom, which now has more than 50 per cent of the UK market for this type of power equipment.

and claims at least 20 per cent of the world market.

Mr Kevin Bray, chairman and chief executive of the European Gas Turbines subsidiary, said GEC Alsthom was talking to several potential UK clients.

Combined cycle systems use exhaust gases from a gas turbine to power a steam turbine, reducing emissions and producing overall thermal efficiency of well over 50 per cent, compared with 35-40 per cent for coal-fired stations.

GEC Alsthom has a strong interest in the UK and overseas combined cycle market, due partly to its 212-226MW Frame 9F turbine, jointly developed by GEC Alsthom and General Electric of the US.

The world's largest gas turbine, it is claimed to be the most efficient at more than 64 per cent.

Yesterday's contract brings GEC Alsthom's orders for the 9F to 14. GEC Alsthom will build the gas turbines for the Connah's Quay contract at Belfort in France and the steam turbines and generators at Rugby and Stafford.

Separately, GEC Alsthom said it had won an order worth about £13m from the National Grid for a 400kV substation at Barking, east London.

NEI Power Projects, part of the Rolls-Royce Industrial Power Group, announced a contract worth almost £30m to extend La Collette power station in Jersey.

## BAe announces further job cuts at guided weapons plants

By David White, Defence Correspondent

BRITISH Aerospace (BAe) is to shed a further 450 jobs in its guided weapons plants by May and has warned of more redundancies if it fails to win a £700m competition to make a new RAF missile.

The cuts announced yesterday follow deep reductions elsewhere in the defence industry. In the past week, about 350 job losses have been announced at Vespene Thornycroft, the Southampton-based shipbuilder, and 600 at the VSEL submarine yard at Barrow-in-Furness, Cumbria.

According to union officials, 40,000 job losses have been announced in the defence industry since the government first outlined its plans for arms forces reductions in mid-1990.

The latest BAe cuts will reduce the workforce in its Dynamics division, which makes guided weapons, to 8,000 compared with 16,500 three years ago. Details of the job losses were circulated to company employees yesterday in a document asking for volunteers to join an early-release plan.

All three of its main remaining sites are affected, with the principal Stevenage plant in Hertfordshire losing 300 out of 4,000 jobs. A further 130 will be lost at Luton, Lancashire, and 20 at Bristol. Large sites at Hatfield, Hertfordshire, and Bracknell, Berkshire, have already closed.

Mr David Laybourn, the division's managing director, said

delays in procurement decisions, both in the UK and overseas, were "increasing the pressure" on the company.

BAe is anxiously awaiting a decision on the future of its Advanced Short-Range Air-to-Air Missile (Asraam), which would provide it with its biggest single source of business. It is competing for the RAF contract against rival weapons proposed by GEC Marconi in collaboration with Matra of France and by BGT of Germany.

"If an early positive decision is not forthcoming on Asraam, our ability to bid for or undertake major guided weapons projects for the Ministry of Defence will be damaged," Mr Laybourn warned.

## BRITAIN IN BRIEF



## Conflict likely on maternity benefits in EC

Mr Michael Howard, the employment secretary, looks set for a new battle with the European Commission and other European Community countries over EC plans to improve minimum standards for maternity benefits.

The European Parliament, backed by several member states, could overturn an Anglo-Dutch compromise which entitled women to a minimum of 14 weeks pay at the same level as workers unable to work for health reasons.

The Strasbourg parliament is expected to amend the compromise to give pregnant women entitlement to 75 per cent of average earnings for 14 weeks.

## Electricity bills likely to be cut

Eight regional electricity companies are to return a total of £35m to their domestic customers because of overcharging last year. The money will be returned in the form of lower tariffs rather than in cash.

The overcharging resulted from the sharp fall in the rate of inflation last year. Electricity companies have to announce their tariffs in advance using assumptions about the likely level of inflation, and these turned out to be too high in many cases.

The agreement to refund customers followed action by Prof Stephen Littlechild, the director general of electricity supply, who regulates the industry.

Lex, Page 12

## UK retailers under threat

UK retailers have been warned about the threat posed by the US warehouse clubs which have had a "devastating price impact" on the traditional supermarket industry in their home market.

Mr Tony MacKenzie, an analyst at stockbroker County NatWest, told a retailing conference in London that Costco, one of the biggest US clubs, planned to open two stores in the UK within the next 18 months. Warehouse clubs, dubbed the "silent enemy" in the US, sell a limited range of deeply-discounted goods from enormous but rudimentary stores.

Mr MacKenzie said that the UK's retailing industry was "in a state of shock" and that the US clubs were "a real threat" to the traditional supermarket industry.

## Morita queries executive policy

Mr Akio Morita, the chairman of the Sony Corporation, has questioned the way senior executives are promoted in British industry by declaring that accountants should not run manufacturing companies.

Speaking in London, Mr Morita contrasted Japan, where almost every major manufacturing group is run by an engineer or technologist, with the UK, where a significant proportion of manufacturing companies are run by executives with a background in accountancy.

Mr Morita said the senior executives of a company had to be committed to technology and engineering to promote innovation in management.

## New car sales fall by 6%

UK new car sales fell by 6 per cent in January to 155,452, the lowest January total since

1987. Sales have fallen by 2.2 per cent in the last three years.

As the recession is the UK new vehicle market deepened further new commercial vehicle registrations fell in January by 17.3 per cent to 16,677. Commercial vehicle sales have dropped by 28 per cent in the last three years.

## Brussels gives aid to Ulster

The European Commission has approved £12m to support the Northern Ireland economy.

The move came despite the continuing row with the British Government over the use of funds from the EC's regional policy. Commissioner Bruce Milian, responsible for allocating cash support for Community regions, has already blocked more than £100m in assistance to British coal-mining areas.

But the Commission cleared a total of £12m to boost small businesses, telecommunication services and research and technology in Northern Ireland.

Editorial Comment, Page 10

## London house values fall

Falling prices have meant that the value of London's housing stock has dropped by £27bn since 1985, according to figures published by the Association of London Authorities.

The association's figures are based on average prices paid by Halifax Building Society customers. In London as a whole, average house prices fell from £104,900 in late 1985 to £99,200 in late 1991, a decline of 15 per cent representing an average loss of £15,700 per house.

## Power group gets train order

The long-delayed order for Channel tunnel sleeper trains is to be awarded to GEC Alsthom, the Franco-British power group, British Rail said yesterday.

The decision to place the contract - thought to be worth £115m - clears the way for night trains to start running from Britain's regions to Paris and Brussels from late in 1994.

There will also be two Continental sleeper services from London each night: one to Amsterdam, and the other to Cologne, dividing into portions for Dortmund and Frankfurt.

## More directors disqualified

The number of directors disqualified in criminal proceedings brought by Department of Trade and Industry's investigations division doubled in the final quarter of 1991.

A total of 28 directors were disqualified following reports from Official Receivers on bankruptcies and company liquidations, compared with 14 in the previous quarter. Four were disqualified for ten years, two for seven and 15 for five years.

## Stewart on form

Alec Stewart, the England batsman pictured below, made 107 before being bowled out in the Third Test against New Zealand. Stewart's century helped his side reach 239 for five before the close of play.

England already lead three three match series 2-0.



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# Allied Partners Group plc

The Joint Administrative Receivers, Philip Ramsbottom and Peter Terry, offer for sale the businesses and assets of the following companies:

## Allied Accommodation Limited M40 Oxfordshire

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Allied Accommodation Limited, who operate in the business of hire and sale of portable accommodation.

Principal features include:

- Customer list of 3000 mainly "Blue Chip" companies.
- Fleet of 2700 well maintained cabin units.
- 8 depots providing nationwide coverage.
- High quality experienced management and employees.
- Substantial forward income stream.

For further information contact the Joint Administrative Receiver, Mike Blake, KPMG Peat Marwick, Abbey Street, Reading RG1 3BD.  
Tel: 0734 505555. Fax: 0734 689285

## Malcolm West Plant Hire Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Malcolm West Plant Hire Limited, a leading distributor and operator of Forklift trucks incorporating associated services and repair activities.

Principal features include:

- Attractive, modern, purpose built premises situated in Hull and Immingham.
- Extensive hire fleet.
- Wide customer base.
- Committed management team and experienced workforce.
- Turnover of approximately £2.5 million per annum.

For further information contact the Joint Administrative Receiver, Julian Whale, KPMG Peat Marwick, 1 The Embankment, Neville Street, Leeds LS1 4DW.  
Tel: 0532 313000. Fax: 0532 313183.

## Elgie Plant Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Elgie Plant Limited.

Principal features include:

- Established Plant Hire business.
- Proven profitable trading history.
- Turnover approximately £750,000 per annum.
- Freehold site, 9000 sq.ft. building housing offices, workshop, fabrication shop and paint bay; 1/3 acre of land in Thornaby, Cleveland.
- Good quality customer base.

For further information contact the Joint Administrative Receiver, Geoff Adams, KPMG Peat Marwick, Maybrook House, 27 Grainger Street, Newcastle upon Tyne NE1 5JT.  
Tel: 091 232 8815. Fax: 091 232 8615.

## Tiger Rail Limited

The Joint Administrative Receivers offer for sale, as a going concern, the businesses and assets of Tiger Holdings Limited.

The company, based in Victoria, London was established in 1972 and has become one of Britain's leading railway wagon hiring operators.

Principal features include:

- Large and varied specialist rail wagon fleet.
- Established customer base.
- Dedicated and experienced managers, engineers and operators.
- Uniquely approved and tested bi-modal road/rail

For further information contact the Joint Administrative Receiver, Roger Oldfield, KPMG Peat Marwick, 20 Farringdon Street, London EC4A 4PP.  
Tel: 071 236 8000. Fax: 071 248 1790.

## Adapta Units Limited Steel Building Systems Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Adapta Units Limited and Steel Building Systems Limited, major manufacturers of Steel and Timber modular and portable buildings.

Principal features include:

- Freehold Property of approximately 2.4 acres.
- Office accommodation and manufacturing facilities.
- Combined turnover of approximately £3m.
- Skilled and experienced workforce.
- In house steel design team.

For further information contact the Joint Administrative Receiver, Julian Whale, KPMG Peat Marwick, 1 The Embankment, Neville Street, Leeds LS1 4DW.  
Tel: 0532 313000. Fax: 0532 313183.

## Forklift Truck Distribution Maintenance and Hire Company

The Joint Administrative Receivers offer for sale the business and assets of United Forktrucks Limited and United Forktrucks (Distribution) Limited.

Principal features include:

- UK distributor for TCM Forktrucks.
- Head Office based in Mirfield, West Yorkshire with seven depots nationwide.
- Freehold property and Leasehold premises.
- Turnover in excess of £7m.
- Plant machinery and equipment.

For further details contact the Joint Administrative Receiver, Peter Terry, KPMG Peat Marwick, 7 Tib Lane, Manchester, M2 6DS.  
Tel: 061 832 4221. Fax: 061 832 7265.

## KPMG Corporate Recovery

## THREE SALMONS HOTEL LIMITED

(IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale the business and assets of the following hotel premises:

### ST MELLONS COUNTRY HOTEL

- 3 Star RAC rating.
- 30 Bedroom hotel in St Mellons, Glamorgan. 4 Function Rooms.
- Turnover c. £950,000.
- 35 employees.
- Leisure complex including squash and tennis courts, gymnasium and swimming pool.

### THREE SALMONS HOTEL

- 14th Century Hotel in Usk, Gwent.
- 2 Star RAC and AA rating.
- 23 Bedrooms.
- 2 Function Rooms.
- Turnover c. £500,000.
- 18 employees.

### BEAR HOTEL

- 34 Bedroom hotel located in Cowbridge.
- 2 Function Rooms.
- Turnover c. £550,000.
- 13 employees.

### NEW HOUSE COUNTRY HOTEL

- 5 Bedroom hotel in Thornhill, Cardiff.
- 28 Bedroom additional accommodation ready to open.
- 3 Function Rooms.
- Turnover of c. £550,000.
- 16 employees.
- Star rating subject to new development.

For further information please contact David Lovett or Simon Allport:  
Arthur Andersen & Co.,  
1 Victoria Square, Birmingham B1 1BD.  
Tel: 021-233 2101. Fax: 021-643 7647.

Arthur Andersen & Co. is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

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Financial Times,  
One Southwark Bridge,  
London SE1 9HL.

## Touche Ross

## La Lupa Holdings Limited t/a Queens Park Club

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale as a going concern, the business and assets of this Bourneham based private members sports and leisure club.

- Freehold property in grounds of approximately 1 acre.
- Membership base in excess of 1,000.
- Facilities include indoor swimming pool, 3 squash courts and fully equipped gymnasium.
- A La Carte Restaurant, 2 bars and discotheque, conference and private function facilities.

For further details, please contact the Joint Administrative Receiver, Harold Wilks or Matthew Broadbent at the address below.

Mountbatten House, 1 Grosvenor Square, Southampton SO1 2BE.  
Tel: 0703 334124. Fax: 0703 330948.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

## Laser Engineering Ltd.

(In Receivership)

The business and assets of the above company, incorporating the businesses known as Spencer Franklin Engineering and Newton & Bennett Engineering, are for sale as a consequence of Receivership.

The businesses offer:

- Manufacturers of hydraulic valves, clamping and work-holding equipment, shock absorbers and hydraulic power packs.
- Blue chip customer base.
- Strong order book and annual sales of approximately £5 million.
- Skilled and loyal workforce of approximately 130 employees.
- Substantial leasehold premises in Burgess Hill, West Sussex.

For further information, please contact:  
MD Gercke FCA, Price Waterhouse, Bridge Gate,  
55/57 High Street, Redhill, Surrey RH1 1RX.  
Tel: 0737 766300. Fax: 0737 779542.

Price Waterhouse

Old established hotel in Gwent with planning permission for redevelopment to upgrade into a 4 Star Hotel also includes scope for 5 shops, large restaurant, swimming pool and usual amenities.

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Please contact Phil Bailey  
KPMG Peat Marwick  
Tel: 0532 313000 Fax: 0532 313200

KPMG Corporate Finance

## PUBLIC NOTICES

A disaffected customer shareholder of the Midland Bank would like to hear from other like-minded shareholders with a view to passing a resolution that the Midland Bank be restrained from taking action to prevent publication of a document critical to the Midland at the A.G.M. Please contact C.T. Sullivan Write Box No: Financial Times, One Southwark Bridge, London SE1 9HL

## COMPANY NOTICES

### M. L. HOLDINGS PLC Ordinary Shares of 5p

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members will be CLOSED for one day only on 21 February 1992.

7 February 1992 By Order of the Board  
J. D. Loveridge  
Group Secretary

1 Temple Avenue  
Victoria Embankment  
London EC4Y 0BA.

## LEGAL NOTICES

### The Insolvency Act 1985 MAXWELL LEGAL SERVICES PLC

Registered number: 2182197  
Nature of business: Legal Services  
Trade classification: 30  
Administration Order made: 27 January 1992

Joint Administrators (office holder no)  
John Talbot - 2731.

## TEXTILE FACTORY

### FOR SALE:

Available as going concern

Comprising: 18 000 sqm factory space situated on 4.4 ha industrial land in Ladysmith, South Africa.

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FOR FURTHER INFORMATION CONTACT:  
SAM MCGUIGAN  
JEFF RICHMOND

TELEPHONE: 27 361 2284 OFFICE HOURS  
FAX: 27 361 311470

## Residential Care Homes Care Concern International Ltd. (In Receivership)

- Operates four residential care homes in North Wales, specialising in the care of people with learning disabilities.
- Annual turnover approximately £3 million; operating profitably.
- Approximately 220 employees.
- Well established reputation in a specialist market dealing with around 50 local authorities.

### Barkcoin Ltd. (In Receivership)

- Owns the four freehold residential care homes operated by Care Concern International Limited (In Receivership).
- Owns prime agricultural land and property at Sealand, near Chester.
- Owns 13,500 square feet of freehold offices at Sealand, Chester.

For further information, please contact:  
IC Powell ACA or AJP Brereton FCA,  
Price Waterhouse, York House, York Street,  
Manchester M2 4WS. Tel: 061 228 6541.  
Fax: 061 236 1268.

Price Waterhouse

## HOLIDAY VILLAGE

WHITBY NORTH YORKSHIRE FOR SALE

Located beside the River Esk close to the popular seaside resort of Whitby, this exclusive holiday village comprises 44 modern brick-built 2 and 3 bedroomed cottages - each fully furnished and equipped to the highest of standards.

The site itself has a launch slipway, boat storage area, laundry facility and barbecue with planning permission for a further 42 units, licensed clubhouse, shop and swimming pool.

Offers over £1.5 million

Further details from:

Colliers Stewart Newbiss  
19 Park Place  
LEEDS LS1 2PP  
Tel: 0532 454433  
Fax: 0532 459437

COLLIERS STEWART NEWBISS

## LEGAL NOTICES

### INSOLVENCY ACT 1985 PRS CONSULTING INTERNATIONAL LIMITED (In Administrative Receivership)

A meeting of the creditors of the above-named company will be held under the provisions of section 40 of the Insolvency Act 1985 at Becket House, 1 Lambeth Palace Road, London SE1 7EU on 21 February 1992 at 3.00pm to receive a report of the Joint Administrative Receivers and to decide if a committee of creditors should be appointed. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

A written statement of claim must be lodged with the joint administrative receivers by 12 noon on the day before the meeting at Ernest & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

A proxy form must be lodged with the joint administrative receivers before the meeting.

W. M. Roberts  
Joint Administrative Receiver  
30 January 1992

### QUESTEL QUALITATIVE STUDIES LTD

Registered number 014730  
Nature of business: MARKET RESEARCH  
Trade classification 38  
Administration Order made:  
27 JANUARY 1992  
Joint Administrators:  
(office holder no) JOHN TALBOT - 2731

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FINANCIAL TIMES  
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## TECHNOLOGY

## Genetic search for CF cure

Two new approaches to the genetic treatment of cystic fibrosis, Britain's most common inherited disease, will be developed at St Mary's Hospital Medical School in London.

Bob Williamson, professor of biochemistry and molecular genetics, yesterday announced details of a five-year programme, funded by a gift to the Cystic Fibrosis Research Trust from the late Leopold Muller, a London hotelier.

US scientists are planning to use genetically engineered human viruses (either adenoviruses or retroviruses) to carry correct copies of the CFTR gene, which is defective in cystic fibrosis, into the lungs of CF patients.

The St Mary's group will develop a different type of virus - bacteriophages which normally infect bacteria rather than human cells - to carry the CFTR gene into the lungs. A potential advantage of the bacteriophage approach is that it removes some safety concerns associated with genetically altered human viruses.

For the long term, the St Mary's scientists are working on a second, more radical approach. They will construct artificial "mini-chromosomes" to add to the complement of 46 chromosomes which contain the natural genetic material in human cells.

The mini-chromosome would be large enough to carry the CFTR gene and all its associated control sequences, to ensure that the cells produce the missing protein in the right quantities. Some of these control sequences have to be removed when viruses are used, because there would otherwise be too much DNA for the virus to carry.

If mini-chromosomes can be made to replicate alongside all the normal human chromosomes when cells divide, gene therapy would treat the disease once and for all: viral techniques, on the other hand, will almost certainly require repeated treatments. And mini-chromosomes could in theory be expanded to treat more than one human gene, to treat multiple genetic disorders including heart disease.

Clive Cookson

Every day in London some 2,000 calls are made to the accident and emergency ambulance service.

Each caller has the same motive - to get the victim of a sudden serious illness or accident transported to hospital as quickly as possible. For some patients, however, the prospects of recovery will depend on the quality of treatment received before they reach the hospital gates.

The speed with which a patient begins getting appropriate medical attention after a threatening incident often influences the chances of survival. This means beginning treatment at the scene rather than in hospital, and Britain's ambulance services are upgrading both their technology and training to make them better equipped for this task.

Stage one of any treatment involves the ambulance service reaching the scene of an incident. In London this is not always easy.

The London Ambulance Service, the biggest in the world, is currently investing heavily in new equipment and extending the technical skills of its crews. But it has some of Britain's poorest response times. This is caused by the capital's traffic problem and, in a service which serves 7m people, a huge element of unpredictability in demand. While 2,000 emergency calls are the daily average, there were 800 during a single hour of a recent icy morning.

Computerisation of the control room at the service's Waterloo headquarters, which begins this month, should improve the speed and efficiency with which ambulances are dispatched to incidents.

Under the existing manual system details of emergencies are written down by telephone operators and then passed across the control room to dispatch clerks. The clerks locate an ambulance from a manually-updated file of available vehicles and relay details of the incident by radio to the ambulance or telephone to its local station.

In future the precise location, direction of travel, speed and availability of each of the capital's accident and emergency ambulances will be pinpointed on computer screens in the control room which display street maps of London. The information will be updated every 13 seconds.

This moving picture of available resources will make it much easier for controllers to identify the ambulance nearest

The London Ambulance Service is improving the way it cares for accident victims, says Alan Pike

## A speedy recovery



Quick response: ambulance location updated every 13 seconds

to an incident, and create a more flexible and mobile service in which the fixed-location ambulance station will decline in importance. A controller receiving a call will type the details into the computer. They will then be transmitted to a terminal in the ambulance.

The computer will prompt controllers to ask telephone callers reporting incidents a series of simple questions - Is the patient conscious? bleeding? - which will help to ensure that the most highly trained crews attend incidents where their skills are required. London Ambulance Service

managers also plan an experiment in giving first-aid advice over the telephone while the ambulance is on its way to an emergency. A few basic steps to prevent choking or stem profuse bleeding may preserve life until qualified help arrives. Other measures are also being used to get emergency medical assistance to serious incidents more rapidly. Paramedics patrolling central London on motorcycles are proving their worth at overcoming traffic jams, in some cases beginning stabilisation of patients within a few minutes of a call.

The paramedics are central to the current efforts to develop Britain's ambulance service into a highly qualified front-line emergency medicine service. The government intends that all accident and emergency ambulances carry a paramedic by the mid-1990s.

Paramedics are trained to perform life-saving functions like the resuscitation of heart attack victims, the insertion of tubes to maintain airways and the intravenous replacement of fluid after severe blood loss which previously had to await a patient's arrival at hospital.

Before attending the initial seven-week paramedic training course ambulance staff must have at least two years' accident and emergency experience and then, after qualifying as paramedics, face periodic re-testing.

Medical procedures are usually most successfully carried out by people who perform them regularly. Some ambulance managers believe it could prove counter-productive to have too many paramedics, since they would spend much of their time attending routine incidents which did not require their expertise.

Equipment is being evaluated which would enable London paramedics to carry out electrocardiogram tests, possibly transmitting the images by cellphone to hospital doctors for advice on what action to take.

Accident and emergency ambulances are being redesigned, with fewer windows to provide more storage space for high-technology equipment like cardiac defibrillators, resuscitators and traction splints, and give paramedics a better-designed working area. London's new Leyland DAFs, converted by Customline, carry only one stretcher case rather than the traditional two - it is demanding enough for a single paramedic to care for even one patient while speeding through traffic, says Barry Home, the London Ambulance Service's special services manager.

Technological advance will continue to increase the range of life-saving equipment which it is possible to load into ambulances. "But ultimately the decision-making skills of the paramedic are as important as knowing how to carry out procedures and use equipment," says Home.

The person on the spot must decide what action to take in what is always a unique situation. It means paramedic training and experience must be of the highest quality.

## Relief in sight for asthma sufferers

A BREAKTHROUGH in the treatment of severe asthma could open up the way for a new range of anti-asthma drugs.

Doctors at the Royal Brompton National Heart & Lung Hospital and the London Chest Hospital have found that cyclosporin A, a drug used to suppress organ rejection after transplant surgery, produced a marked improvement in chronic asthma sufferers.

At the moment most patients need high doses of oral steroids, which can produce side effects.

The cyclosporin A drug works by suppressing the T lymphocyte immune cells in the body. Researchers at the Royal Brompton hospital have suspected for some time that these white blood cells play an important role in causing asthmatic symptoms.

The results of their research, published in this week's *The Lancet*, mean drugs could be developed in the future which treat asthma effectively but are less toxic and more selective than today's treatments.

## PC mini-modem switches to radio

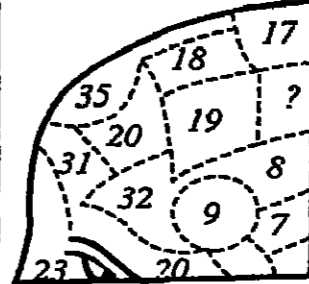
A MINI modem which could enable users of palmtop and notebook PCs to send data across radio networks has been launched in North America by Ericsson GE, of Paramus, New Jersey.

Modems, as it is called, weighs less than one pound and can be connected to any PC with a standard serial port. It then transmits data at the rate of 8 kilobits per second over the Mobitex network, writes Larry Donovan, who is in charge of the network operated in the US by Ram Mobile Data and in Canada by Rogers Candel. This eliminates the need for PC users to find a phone socket in which to plug their "wireline" modems.

In addition, the Mobitex acts like a redioper by constantly scanning the network for incoming messages which it can store when the PC is turned off. The Modem will sell for \$1,795 (£1,000).

## Taking a shine to glare-free specs

SPECTACLES with coatings to minimise glare from the sun are relatively common



## WORTH WATCHING

by Della Bradshaw

In many continental European countries. But in the fragmented UK and the US retail optical markets the cost of the coating equipment has hampered the take-up.

Applied Vision, of Leicester, was set up to tackle this problem. The result is a coating machine which costs £20,000 to buy, less than a fifth of most existing models. It is also less expensive to operate.

The machine uses a technique called ion sputtering, in which the surface to be coated is excited electro-magnetically, attracting the ions in the coating. The ions bombard the lens and stick to it. Each lens takes about one hour to coat, making the technique suitable for high street opticians who promote themselves on the speed of their service.

## Voice recognition gets into gear

A PROFESSOR at the University of Ohio is using voice recognition technology to cut production times for small- and medium-sized manufacturers, writes Larry Donovan.

To make a mechanical gear, for example, the software developed by Dinesh Dhamija is loaded on to the computer and a user vocabulary is built up. Then the gear is sketched on a screen by voice commands.

The methodology is straightforward. "I want a gear which works on a reduction ratio 2 as 1 and to transmit 150 horsepower."

After prompting questions about size, stress factors and materials, the computer analyses the request and comes back with some options. The model that is chosen is then open for further modification.

When the sketch is done, the data is sent to a computer

numerical control unit to make the part on site. Alternatively the data can be sent almost across a data network to a plant nearby anywhere in the world. The system costs between \$30,000-\$40,000 (£17,000-£22,000).

## Infant formula like the real thing

ALGAE is proving the answer to finding an infant milk formula which is as close as possible to breast milk.

Powdered baby milk lacks a long-chain fatty acid called docosahexaenoic acid (DHA) which is the primary structural lipid in human brain tissue. So far there has been no satisfactory source of DHA available to the manufacturers of infant formula - one of the few sources is fish oil, but this contains other fatty acids which can retard infant growth.

Marlet Corporation, of Columbia, Maryland, has found a way of extracting the compounds from an algae which has a biomass comprised of 35 per cent DHA. The resulting orange oil is extremely stable and, say the producers, has generated enormous interest among companies producing infant formula.

## From battlefields to theme parks

TURNING its expertise in military simulation systems into products for the consumer market, Rediffusion Simulation, of Crawley, Sussex, has developed the ultimate in entertainment systems for children and adults alike.

The Commander, priced between £40,000-£45,000, is intended for the home park rather than the back garden. It has enough space for two players to sit inside the sleek red machine. Using buttons and joysticks the two players interact with the scene being played out on the graphics screen.

By changing the software, under development by LucasArts Entertainment, in California, the Commander can become a spaceship, fighter plane or submarine. Compact disc quality sound intensifies the experience.

Contacts: Royal Brompton Hospital, 271 325 325; Ericsson, 201 295 000; Applied Vision, UK, 0232 304908; University of Ohio, US, 614 593 1001; Marlet, UK, 0147 740 001; Rediffusion, UK, 0232 551152.

## MANAGEMENT

## Kidnapping

## Hostage to fortunes

Neil Buckley looks at the role played by insurers

The abduction of estate agent Stephanie Slater has aroused fears that kidnapping and extortion could become one of the biggest commercial crimes in Britain.

As companies tighten security, protecting premises with closed-circuit television and installing safes that are impossible to crack or blow open, criminals may be turning to abduction and blackmail as more effective routes to a company's assets.

Insurance brokers which arrange cover against such incidents - so-called kidnap and ransom insurance - are predicting growth in what remains one of the least-publicised and most sensitive sectors of the market.

Slater's case has provoked widespread publicity because a £175,000 ransom was paid and the kidnapper - so far - has not been caught. But it was not an isolated incident. Control Risks, a company specialising in corporate security, has reported that recorded kidnaps increased 42 per cent in 1989 and 66 per cent in 1990.

Of the 4,890 kidnaps that have been recorded by Control Risks since 1975, however, only 109 were insured. Kidnap and ransom insurance has yet to catch on, perhaps because of its low profile. Annual premium income is only \$70m

worldwide, \$40m of that underwritten at Lloyd's of London.

But Gus van Lanschot, deputy managing director of Willis Faber and Dumas, the largest broker in the field, warns that the latest incident could spawn copycat cases and could prompt more companies to investigate cover.

Most K and R packages, he says, go far beyond simple indemnity against loss incurred in paying ransoms. They include advice and training from security specialists on lessening risks, and, in the event of an incident, a full "crisis management" programme.

This means an experienced consultant being assigned to the company to discuss what action to take, to manage relations with the press, the authorities and members of the victim's family, and to conduct negotiations with the kidnappers. This, insurers say, can lessen the amount of any ransom paid and often give the authorities more time to find the abductor.

Advisers can be particularly useful when the incident occurs overseas, where attitudes of the authorities towards kidnappings can be different from the softly-softly approach employed in Britain and the US.

Cassidy Davis, the largest Lloyd's underwriter of K and R policies, stresses that specific

conditions are always attached. Policies provide only for reimbursement after a ransom has been paid. No insurer would pay or fund a ransom payment.

Confidentiality is paramount, and the existence of an insurance policy is never disclosed. Insured parties must always co-operate with law enforcement agencies.

Tony Colla, managing director of the risk benefits division at Sedgwick, another broker offering K and R policies, says clients range from multinational companies to wealthy individuals and small family businesses.

He advises companies to cover all employees: it is a popular misconception that the most likely targets for kidnapping are company directors.

The subject of kidnap insurance remains a sensitive one in Italy, where commercial kidnapping has been a serious problem for many years, has moved to outlaw such cover. In the 1980s the EC considered doing the same, following a call for a Europe-wide ban by Garret Fitzgerald, the former Irish prime minister. The charge is that the very availability of such cover may act as an incentive to kidnappers.

Colla counters that kidnapping has been happening for hundreds of years, while insurance policies have been available only since the early 1970s.



Stephanie Slater: released after a £175,000 ransom was paid

## Christopher Lorenz

## Chameleons in their true colours



mean you were unreliable, trying to be all things to all people. The second meant you were consorting with the enemy.

But both words have suddenly become compliments, in the corporate world, at least. They indicate not only that your organisation has an above average chance of surviving the intense competitive battles of coming decades, but also that it is a rewarding place for people to work.

So says a stimulating new study on strategies and structures for fast-moving markets, which attempts to synthesize and demystify leading-edge theory and practice in virtually every walk of management.

Under the straightforward title of "Building Flexible Companies", it condenses into admirably simple English its discussion of some of the most jargon-ridden fashions and practices of the day: "customer focus", total quality management (TQM), flat hierarchies and "value-driven" networks; teamwork; time-based competition; and strategic alliances.

The competitive environment of the 1990s and beyond requires companies to become two things above all, argues the report. First, they must be "change-based and adaptive" - hence the "chameleon" image. Second, they must be alliance - rather than fortress-minded, both externally towards other companies, and internally between different departments and disciplines - hence the emphasis on collaboration.

Both images are more approachable formulations of management styles advocated by various academics and gurus. The collaborator notion is close to the Harvard concept of the "boundary-less" company, while the chameleon approximates to "living with

ambiguity and paradox", or just "reconciling opposites".

Thus the chameleon company must shift from being product-driven to customer-led, but without going too far, as Ford of Europe did with the design of its latest Escort car - which was based over-literally on the apparent desires of middle-aged customers, and has proved too bland for today's

Likewise, the chameleon company must dismantle much of the corporate hierarchy in order to be flat and fast, yet it must not abandon all co-ordination and strategic control. One company that did so, a Swedish information technol-

**The chameleon company must dismantle much of the corporate hierarchy in order to be flat and fast**

ogy consultancy called Enator, ended up confused, undisciplined and directionless. It has since had to install various central functions, while retaining much of its decentralisation.

This theme of Yin and Yang runs through most of the report - except, oddly enough, in the sections on collaboration with other companies. Here, the authors are so intent on persuading corporations out of their traditional fortress mentalities, and into the new world of shifting alliances on almost every front, that they go in for overkill.

They are right that the traditional model of a company is of an autonomous citadel full of knowledge, capital and skills in a stable world where such attributes are at a premium.

In today's world, however, knowledge (including technology) and capital are widely available, as are most skills. In addition, markets are becoming ephemeral and liable to sudden change. So, as the study says, it is not merely uneconomic, but dangerous, for a company to try to do everything itself.

Instead, the report argues that companies must themselves learn to become ephemeral, and to exploit ad hoc alliances of knowledge, skills and capacity.

Contrary to what the authors claim, however, this does not mean that companies must "abandon fixed employment" and "leave behind their skills of defence". If they did so entirely, they would have nothing left to bargain and collaborate with. They would be empty shells.

Instead of going over the top in this way, the authors should have devoted more space to discussing how to balance collaboration with the fashionable and important idea of "core competencies" - to which they pay scant attention.

As expounded particularly by C. K. Prahalad of Michigan University and Gary Hamel of the London Business School, this argues that companies should first reduce what really makes them tick - Honda's engine technology, for instance, or 3M's adhesives, coatings and substrates. They should then build, leverage and defend them.

The core competence concept is having a powerful effect on the corporate world. In both Europe and the US, companies are redefining and focusing their cores, investing more heavily in them, and exploiting them more. They sometimes use temporary alliances to help them do this, but by no means always; in any case, such collaboration is of a different character from that involved in sharing or contracting out activities about which the company no longer feels proprietary.

The chameleon company is all very well - but it must stand for something more than a more motivated and more mobile set of managers and employees, than merely stand change. Otherwise many real chameleons in the natural world, if risked, are squashed underfoot.

*"Business International in Europe, Africa and Asia Pacific, Feb (40) 194*

## Making political capital of running London

Labour council leaders gather today in Blackpool for their annual local government conference, fervently hoping that a more sympathetic Labour government is on the way.

But a change of government is unlikely to reverse the revolution in the management of local authorities imposed from above over the past 18 years. Labour's plans for a new strategic London authority, published last week, reveal that the party has now moved towards accepting many of the Conservatives' management reforms such as contracting out and performance-related incentives for top managers.

According to "An elected voice for London", the new elected Greater London Authority would determine the policy guidelines for strategic services such as public transport, planning, the police, fire brigades and environmental protection. But responsibility for the delivery of these services would be assigned to a small team of "calibre" directors who would be expected to contract out most of the work.

"Direct employment will be the least common option," the paper says. "Resources will be hired when they are needed for particular purposes and will not grow into a permanent bureaucracy." While the directors would be supported by a small team of professional staff, staffing requirements would be minimised in two ways:

● by seconding staff for particular tasks - from business and industry as well as from London boroughs and transport operators.

● by contracting out even professional services such as research and policy development to research organisations, universities and polytechnics.

Labour's advisers believe that enough Labour councillors now feel comfortable with the experience of contracting-

out of local services for this radical approach to be acceptable.

The directors would be appointed on five-year renewable contracts with remuneration packages designed to attract top managers from business and commerce as well as the public and voluntary services. Their brief would be to restore the services for which they were responsible to levels which could compete with other leading European cities such as Paris and Berlin.

The blueprint for a new Greater London Authority reflects a determination among Labour leaders to find a new style of public sector

management which builds on the managerial revolution launched by the Conservatives but gives an element of democratic accountability through the ballot box.

Bryan Gould, Labour's environment spokesman, says that the new model is meant to mark a break from the sort of bureaucratic superstructure which characterised the now-defunct Greater London Council.

"If it works well," says Gould, "it will offer a managerial model for the regional authorities we hope to set up in the future."

John Willman

## ARTS

## Don Giovanni

COVENT GARDEN

A stark, ever-changing skyline dominates this Stygian-black Seville. The inhabitants seem dwarfed and penned by the severity of the town's architecture, but one man walks free of all confining late-18th-century rigidities and proprieties.

Greying at the temples, snake-like in sinuous control of movement, eyes flashing atop immaculate white ruff and black doublet, he stalks the streets with relaxed purpose when not poised motionless in corners, watching his victims (actual and potential) with insouciant gaze. He has a troop of heavies out of Goya at his command, money to burn, and a Sade-like determination to explore the farthest extremes of sensual pleasure. "La liberta" for him means, among other things, freedom to imprison Zerlina for a bout of bondage sex (from which she is rescued only just in time) and eat dinner off a naked woman's body. When he dies, the sky grows blood-red - and then the town releases back into bourgeois security: the final homily is snugly offered over a cup of coffee.

This, crudely summarised, is the dramatic rationale of the new Royal Opera *Don Giovanni* (sponsored by the Foundation of the Jean Sainsbury Royal Opera House Fund). It is conducted by Bernard Haitink and produced by Johannes Schaefer in the effective and practical designs of Peter Fabst, and as one might reasonably guess after Schaefer's previous Mozart stagings in the house, it is contentious, at times faintly over-the-top, and this producer has a mania for decking soliloquies with extraneous activity - and open to general reproach in its need to find plausible formulas in which to "fix" a mighty and unmanageable masterpiece.

But this time, it seems to me, the plusses definitely outweigh the minuses: the unfolding is swift and of a piece, a notable Mozart cast and conductor have been engaged to vitalise its premises into music-drama, and the title role is taken with thrilling magnetism. If this *Don Giovanni* grips the attention in spite of every objection against it, that is above all because of the tremendously powerful focal point at its centre.

Thomas Allen, already a nonpareil Don Giovanni at Glyndebourne ten years ago (when Carol Vaness was also his Anna and Haitink his conductor), has waited a long time for a London

production in which he might freely concentrate all his Mozartian gifts. The previous Covent Garden show (in which he twice appeared, in 1984 and 1988) was a poor vehicle; this new one marks his 20th anniversary on this stage, and does so fittingly and well, since it unfolds at least a cogent line of thought for this most remarkable of modern singer-actors to follow through.

The pleasures of the performance start with the fact that Mr Allen, after a recent patch of unevenness, has rediscovered his best vocal form; the ability to make words and tone-colour part of a single dramatic impetus can again exert its mastery unimpeded. He is always wonderful to watch (and, as Schaefer introduces him as a prying eye on scenes from which Da Ponte intended him removed, this gift is a special blessing). He is witty, agile in his responses, unfailingly elegant in bearing, unfazed by passing critics, and utterly repellent. No other Giovanni of my experience exposes the cruelty, violence and egotism at the character's core with such freedom and economy of means. At Glyndebourne Mr Allen formed part of Peter Hall's much more finely controlled production; here, his achievement in the role stands out the more strikingly.

Of the cast only young Bryn Terfel, making a brilliant house debut as a lovely chunky, tough-tender Masetto, comes near to matching him in completeness of vocal and dramatic command; elsewhere, the hampering effect of production details has yet to be fully counteracted. But the quality of singing is extremely high: the performance can boast a feeling of voices carefully matched, that gives it a distinct patina, particularly in ensembles. The three sopranos all share a vibrancy of delivery, a sultry warmth of vocal texture: Miss Vaness's Anna magnificently majestic in full sail; the delightful Puerto-Rican soprano Marta Marquez (Zerlina) as full of zestful, sensual colour as a latter-day Conchita Superbia; and an unusually touching, distinctively passionate Elvira from Patricia Schumann. (Miss Schumann's vocal suitability is a stroke of fortune rather than of planning, as she comes as a late replacement for the indisposed Karita Mattila.)

Hans Peter Blochwitz's Ottavio, blander in timbre, is expertly delivered; a lovely "Dalla sua pace" competes for our attention with a band of furniture-



Thomas Allen and Marta Marquez as Giovanni and Zerlina

removers. Robert Lloyd is luxury casting in the Commendatore. Only Leporello disappoints: for all Claudio Desderi's Italianate verbal relish and comic keenness, the voice simply fails to carry sufficient weight at Covent Garden. At Glyndebourne, Haitink proved himself a *Don Giovanni* conductor of shattering intensity and muscular force. On Wednesday's evidence the rethinking process for the larger house is still a little way from completion. His

Max Loppert

## Rare prints to thrill

It is tempting to ask which is the more remarkable: print dealer Nicholas Stogdon's latest exhibition or the highly idiosyncratic catalogue that accompanies it. Stogdon lays before us a group of some 60 15th- and 16th-century German and Netherlandish woodcuts of striking quality, from unique early devotional images of exceptional freshness to fine impressions of well known woodcuts by Dürer, Burgkmair, Wechlin, Baldung Grien and Goltzius.

The show opened at the Salander-O'Reilly Galleries in Berlin in December, and continues at Michael Simpson Ltd, 11 Seville Row, London W1, until February 21. It is probably no exaggeration to say that nothing quite like it has been seen in commercial galleries before. Stogdon addresses the problems of attribution and dating, as well as technique, in a catalogue in which his enthusiasm continually bubbles to the surface, despite the sobering ship. The prints, however, have a vigour and physical presence that speak for themselves.

That presence is felt in both "high" and "low" art. Arguably more compelling than the sophisticated cuts that rival illumination, the bold and crudely coloured devotional images probably made for sale at a shrine as souvenirs, humble blockbooks made for the poor clergy, religious and secular broadsides, and odd survivals of printed ephemera.

In pride of place is a monumental Pietà believed to come from mid-15th century Swabia and derived from sculptural prototypes. Perhaps 20 northern single-image sheets of the period survive. Among the broadsides is a coloured cut from Nürnberg in near mint condition warning against the usury of the Jews and which predates the expulsion of the Jewish community from the city in 1499 by 15 years. Here, too, is an indulgence, an almanac, and three extraordinarily rare sheets with woodcuts and verses composed by Dürer.

Dürer was the first artist to fully realise the potential of prints. Woodcuts and engravings, cheap in relation to painting, proved ideal media for an artist having with invention and who wanted to make a name in the world. He revolutionised the graphic arts by developing a new graphic vocabulary, and a system of hatching very fine lines that could yield large numbers of woodcut impressions. Grien lacked Dürer's innate sympathy with the woodcut, and set

his blockcutters near impossible tasks. That explains why the highly eccentric Madonna and Child here is one of only five impressions.

Technical innovations and anomalies crop up throughout. From the 1470s comes an unique dotted print of a type that only seems to have been produced by goldsmiths for 50 years. The image of the Madonna is at once ugly and moving, made with a metal plate punched and engraved. A more satisfactory development of that technique is illustrated by an early white-line woodcut of a monk reading at his desk in a wattle-fenced meadow. Here the image is produced by cutting finely hatched lines rather than the area between them, allowing the white paper ground to provide the design. From there, argues Stogdon, it was a natural progression to the chiaroscuro woodcut, where a traditional black-line woodblock is used with a white-line woodblock to provide tone.

Of great interest too is the first layout for a page of *Der Weisskämig*. With another proof in the Fitzwilliam, it reveals the publisher's preoccupation with the look of the page and the type of the text. This show, which ranges from woodcut of around 1515 to set on the page with type below borrowed from something else.

If this is a precursor of the

modern publisher's dummy, the three outstanding and rare proofs of his chilling "Lovers Surprised by Death" of 1510 are the ancestors of modern four-colour printing. This is the first dated colour print to be made using separate but interdependent blocks. Each of the proofs is printed by three blocks to different effect: three shades of chocolate brown; black and two shades of red; black, eggshell blue and silver grey. The white ground is exploited as highlight. This new tonal subtlety significantly enhanced the illusion of three dimensions.

Burgkmair's ink and wash drawing of five drummers on horseback and engravings by Dürer, Schöngauer and Goltzius, are among the highlights of a small show at the Strand Print Room, University College, London's holding of some 4,000 prints and drawings is one of the country's least known university collections. As a means of introducing it to wider public, this first of a series of displays focuses on its major benefactors.

The Print Room, located to the right of Wilkins' dome, is open weekdays 12.15pm, Tuesdays and Thursdays, 1-5pm. This show, which ranges from Mantegna to John Singer Sargent, continues until March 27.

Susan Moore



Grien's highly eccentric Madonna and Child

## La Bête

LYRIC, HAMMERSMITH

The first half of this thoroughly unusual piece, which has the financial backing of Andrew Lloyd Webber, absolutely glitters with promise and performance; the second half is considerably less good, so one cannot yet feel certain that it will achieve the transfer from Hammersmith to the West End.

*La Bête* is a first play by a young American, David Henes. It had a short run on Broadway last year, but failed to catch on. Lloyd Webber backed it then and is sticking to it now. One can see why. The piece is full of pretty rhymes and pretty devices. It is allusive to *La Bête*, that is, the other, just like Lloyd Webber's music. The title is misleading, for there is nothing stupid about it. *La Bête* is set in the 17th century France of Louis XIV: the playwrights and actors are quarrelling about who should provide the court entertainment, and thus receive the royal subsidy. Chief among them is Elomire (an anagram of Molière), who is challenged by the remarkably fluent performer and versifier, Valère. The play is really a challenge about who can produce and speak the best rhyming couplets.

That is why the first act is so good. Valère, superbly played by Alan Cumming, wins hands down. He can not only produce the couplets; he can also act. This is a very camp perfor-



Alan Cumming and Sarah Crowden

mance. Note a piece of mime where he imitates a star, presumably in Naples, receiving the applause and the bouquets at the end of the show. See, too, his response to Elomire's very fierce "Don't call me darling, even 'Oh sorry, dear'." Valère is so fluent with his words that he has to invent new ones of his own. "My word for 'words' is 'verboles'", he says. His word for table is "carabumba" and for chair "francosca". The delight at this virtuoso performance is abundant.

The trouble is that the rest of the play can't quite keep up. Valère is challenging for Elomire's place at court. Prince Conti, the patron of the arts, arrives to judge. What happens is a contest that does not come off. It is never really clear that Valère's style is substantially different from Elomire's. What we do get, however, is a stunning display of how flexible and effective English rhyming couplets can be.

Those who saw Ranjit Bolt's translations from Cornelle at the Old Vic a year or so ago will know exactly what I mean. The verse positively flows and, within the discipline, is remarkably varied. As Valère comments, "daunting is the ease with which you weave linguistic tapestries", whereas "pentameters, though pleasing on the page, are so monotonous upon the stage."

There are other delights. The Prince, played by Timothy Walker, has the most magnificent long train. Sarah Crowden as Dorine speaks her part in teasing rhyming monologues. It is just that Elomire, certainly as played by Jeremy Northam, never quite develops as a character and the second act needs more work on it. The production comes from the Really Useful Theatre Company directed by Richard Jones.

Malcolm Rutherford

## They Might Be Giants

BLOOMSBURY THEATRE

There are two of them, both called John. One plays the piano accompaniment (and well) and the other brandishes a home-made guitar and occasionally launches brutal attacks upon an unsuspecting drum kit. They take turns to deliver their short, sharp songs, favouring an adonai New York whine which despite itself is sometimes blended into Beverly Brothers sugar-sweet harmony.

Like all genuine eccentrics, *They Might Be Giants* defy sensible categorisation; they seem at the same time determinedly anarchic and perfectly self-conscious. Contemporary rock is not short on artists who take themselves too seriously, so it is sheer delight to find an act so determined to send up everything in sight, themselves included.

It is all made to seem so utterly guileless; hard to believe that the two learnt their trade bawling on Brooklyn's East River and yet still managed to keep their wide-eyed freshness intact. The meanings of their songs come shrouded beneath coatings of nursery-rhyme lyrics and hand-me-down pop riffs only rarely are their teeth bared. A number like "Your racist friend", seems shocking for the directness of its message, especially when surrounded by "Birdhouse in Your Soul" ("I'm not your only friend, but I'm a little glowing

friend") or "Particle Man" ("Is he a dot or is he a speck? When he's underwater does he get wet?").

It seems appropriately illogical that *They Might Be Giants* are touring Britain almost two months before their new album (the fourth) is due to be released here. There was a sprinkling of those latest songs at the Bloomsbury, but most of their set was devoted to singalong favourites. The audience bounced happily through the best of *Flood* (which appeared in 1990), confident in the knowledge that nothing was going to last longer than a couple of minutes and that a high percentage of the songs have the kind of naggingly memorable melody lines and surreal lyrics which will run through the brain for hours afterwards.

Try hard enough and almost any influence you care to mention is stirred into the mix somewhere - a dash of Buddy Holly and the Beatles here, some Tom Waits and Elvis Costello there - but the worst thing that could happen would be for *They Might Be Giants* to make it too big and find themselves absorbed into the rock mainstream. Playing Wembley Arena with an army of roadies and real session musicians to replace the marvellously tacky backing tapes just wouldn't be the same, and nothing like so exhilarating.

Andrew Clements

## Outside of Heaven

THEATRE UPSTAIRS

The most exciting moment of Martin Sado's first play is the realisation, at the start of the second act, that his characters are sharing the stage with a real, dead Doberman.

The sleek carcass is sent symbolically by Sado to underline his vision of wasted life. It also provides a comic disposal problem, while adding its bit to the pickle in which his characters find themselves: their futile attempts to sink its body lands them with a £300 fine.

Like so much in this play, it is the second act which is scuppered by a lack of consistency. It is hardly likely that a couple of squatters would have put an identity tag on a dog they had picked up a couple of months previously - and such a literal reading of the play, a staging which constantly moors meta-

phor to concrete images. It is almost as if the writer and the director, Penny Ciniewicz, are speaking different languages: he talks of fishing and dead dogs, and she provides a rod and a stuffed Doberman.

Their combined efforts give us two children, friends from Southport and two triangular relationships. In the first act, John - white, neurotic and beautifully played by James Kerr - falls in love with a girl who drowns herself after a fling with his best friend, Paul, cocky and black.

In the second act, five years later, the tables are turned. Paul (Lennie James), now a tough London nut, loses his girlfriend to a platonic relationship with the smart, sensitive and respectable John. Sado offers situations but declines to provide explanations. We are never

told why the truculent Lori (Connie Hyde) drowned herself, nor why the lively Paul of the first act should have become an violent emotional cripple of the second. What could be a stylish obliqueness becomes a frustrating failure to follow a line of thought through.

The result, theatrically, is that the characters fail to grip or engage: there is no sense that they have something to communicate, about life, or friendship, or anything else. The abstraction of the script demands a more abstract staging if it is to become anything more than a tatty footnote to the urban disinheritance drama of so much fringe theatre in the 1980s.

Claire Armitstead

## INTERNATIONAL ARTS PREVIEW &amp; EXHIBITIONS

London's Barbican Centre celebrates its tenth anniversary with a series of special events over the next month. The actual birthday is March 3, when Georg Solti and Michael Tilson Thomas will share conducting honours in a London Symphony Orchestra concert with soloists James Galway, Barbara Hendricks and Fabio Bidini, a prize-winning composer of the World Piano Competition. The anniversary programme also includes a recital by Kiri Te Kanawa (Feb 24), BBC Symphony Orchestra concert conducted by Pierre Boulez and Oliver Knussen (Feb 26 and March 5), a performance of Mahler's Third Symphony conducted by Tilson Thomas (March 1) and Verdi's *Requiem* with the LSO and Colin Davis (March 7 and 8). The Barbican is also hosting the London Youth Composer of the Year Award concert 16, which the Nash Ensemble will play, by 12 finalists. From Feb 28 to March 5, the Barbican cinema will have presenting Barry Norman's Top Ten, a selection of films that have

been shown at the Barbican since 1982.

Following the temporary closure of the Barbican Theatre for backstage refurbishment, the Royal Shakespeare Company opens its new London season at the end of March. The repertoire will include some of last year's most successful productions at Stratford, beginning with Henry IV Parts 1 and 2 and Thomas Shadwell's Restoration comedy *The Virtuoso* (Barbican box office 071-635 8891).

This month Berlin hosts its annual film festival, culminating with the Golden Bear Award (Feb 24). The festival opens with the Inner Circle, Andrei Konchalovsky's new movie about Stalin's private film projectionist (Feb 13), and will include screenings of Emma and Baba, Istvan Szabo's study of the changes in East Europe, Martin Scorsese's Cape Fear, Kenneth Branagh's Dead Again and a film by the Russian director Marlen Chuziev (254890). From tonight till Feb 27, the Comédie in Geneva hosts Le Tempe et La Chambre, the latest play by Bocho Strauss, one of Germany's leading playwrights. The production was premiered in Paris last October (205001).

## EXHIBITIONS GUIDE

**BARCELONA**  
Museu Picasso Pablo Picasso 1905-1908: an exhibition tracing the revolutionary changes in Picasso's style at a time when contemporary influences in Paris were making him abandon representational art in favour of the semi-abstract form of

Demolished d'Avignon. Ends April 19. Closed Mon

Fundacio Joan Miró: the latest in a series of exhibitions entitled The Vigour of the Ephemeral explores the process of evolution in the art of artistic creation. Ends March 1. Closed Mon

Fundacio La Caixa Modest Urgell (1830-1919): 70 drawings and paintings by the pre-Symbolist artist whose favourite subject was the rural landscape of his native Catalonia. Ends April 5. Closed Mon

**BERLIN**  
Brücke-Museum Karl-Schmidt Rottluff (1884-1978): more than 140 watercolours spanning the career of one of the leaders of German Expressionism. Ends Feb 23. Closed Tues

Martin-Gropius-Bau The Jewish World: a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. Daily

Alte Museum Martin Schongauer: marking the 500th anniversary of the death of the first great engraver of German art. Ends Feb 16. Closed Mon and Tues

**BERNE**  
Kunstmuseum La Caricature: the complete, full-bound edition of the satirical French-language magazine from 1830-35, with 200 lithographs by Honoré Daumier. Ends March 22. Closed Mon

**FLORENCE**  
Palazzo Pitti Caravaggio: an exhibition marking the centenary of the birth of the Italian critic Robert Longhi, who spearheaded the current vogue for the Baroque master. Ends March 15. Closed Mon

**FRANKFURT**  
Deutsches Architekturmuseum Antonio Sant'Elia: 400 drawings by the revolutionary Italian architect who drew the città Nuova project of a utopian metropolis shortly before his premature death in 1916. Ends May 17. Closed Mon

**LIVERPOOL**  
Tate Gallery Lucian Freud: the only UK stop for this British Council touring exhibition of 59 oils and 20 drawings by one of Britain's most highly acclaimed living artists. Ends March 22. Closed Mon

**LONDON**  
Victoria and Albert Museum Green Images: the role of graphic design in the way institutions and pressure groups have campaigned for protection of the environment and the wildlife. Ends May 25. Also Creativity and Industry: 25 years of the Queen's Birthday Design Group. An exhibition devoted to a company renowned for its success in bridging the divide between commercial success and good design in the field of ceramics, tableware and household objects. Ends May 1. Also the Art of Death: the response to death from the 16th to 19th centuries, when people acknowledged their own mortality more openly than today. Ends March 22. Daily

Royal Academy of Arts Andrea Mantegna (c1431-1506): paintings, drawings and engravings by one of the greatest artists of the early

Italian Renaissance. Ends April 5. Daily (Ticket office has booked

including works by Van Dyck, Reynolds, Stubbs and Canaletto. Accademia Italiana Alberto Savinio: paintings and drawings by the multi-talented Italian Surrealist. Ends Feb 23. Closed Mon (24 Rutland Gate SW7)

National Theatre Regarding Huntley/Muir: an exhibition of artwork, print, painting and video illustrating the partnership of illustrators Su Huntley and Donna Muir. Ends March 28. Closed Sun

**NEW YORK**  
Metropolitan Museum of Art Barbizon: a selection of paintings, drawings and pastels from the Museum's collection of six masters of the French 19th century school of naturalist landscape. Ends May 3. Closed Mon

**MUSEUM OF MODERN ART**  
The William S. Paley Collection: paintings, sculpture and drawings ranging from the latter half of the 19th century through to the 1970s. The collection is especially rich in works by Cézanne (Milk Can and Apples 1879-80), Gauguin (The Seed of the Arec 1892), Degas (Two Dancers 1909), Picasso (Boy Leading a Horse 1905-6) and Matisse (Woman with a Veil 1927). Ends April 7. Closed Wed

**WHITNEY MUSEUM OF AMERICAN ART**  
William Wegman: retrospective of the artist best known for his photographs of his dog Man Ray. Ends April 19. Also Alexis Smith (b1949): mid-career survey of the Californian collage artist. Ends March 1. Closed Mon

**PARIS**  
Fondation Borel Bernier Masters of the Goodwood Collection: mainly 18th paintings, furniture, porcelain and objets d'art

collected by the Dukes of Richmond and d'Angoulême, including works by Van Dyck, Reynolds, Stubbs and Canaletto. Ends March 22. Closed Sun (34 ave de New York)

**MUSEE DES ARTS DECORATIFS**  
René Lalique: a collection of work by the goldsmith and artist in glass, who works in the art nouveau style. Ends April 5. Closed Tues (107 rue de Rivoli)

**MUSEE DES ARTS DECORATIFS**  
(Palais du Louvre) Dubuffet: the artist's collection of his own work, which he donated to the museum in 1967. Ends March 29. Closed Mon and Tues (pavillon de Marsan, 107 rue de Rivoli)

**ARTS ET METIERS**  
Zao Wou-Ki: abstract paintings 1970-1991. Ends March 28 (9 ave Matignon)

**MUSEE D'ART MODERNE**  
Alberto Giacometti (1901-66): retrospective of the Swiss sculptor and painter. Ends March 15. Closed Mon (11 ave President Wilson)

**ROTTERDAM**  
Museum Boymans-van Beuningen Wim Gilzen (b1941): ten paintings 1990-91 inspired by a still life, which the artist transformed into a series of abstract images. Ends March 20. Also Frank Mandersloot (b1960): ten recent sculptures. Ends April 12. Also prints by Stefano della Bella, long-forgotten favourite of the 17th century. Ends March 8. Closed Mon

**STOCKHOLM**  
Nationalmuseum Carl Larsson: bicentenary tribute to the man who rose from poverty to a leading position in 19th century Swedish art. The exhibition includes more than 380 works from juvenile drawings to the monumental paintings and illustrations of his maturity, giving a comprehensive portrait of one of the most versatile and idiosyncratic personalities in Swedish art history. Ends May 10. Also the Empire Style in Sweden: paintings and sculpture of the early 19th century, bronze objects, wallpapers and several complete interiors, including a royal bedroom. Ends March 29. Closed Mon

**WASHINGTON**  
Hirshhorn Museum Martin Puryear: 35 works by the Washington-born sculptor, who draws his inspiration from objects, organisms and idiosyncratic personalities in Swedish art history. Ends May 10. Also the Empire Style in Sweden: paintings and sculpture of the early 19th century, bronze objects, wallpapers and several complete interiors, including a royal bedroom. Ends March 29. Closed Mon

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## FINANCIAL TIMES

NUMBER ONE SOUTH-WARK BRIDGE, LONDON SE1 9HL  
Telephone: 071-873 3000 Telex: 822188 Fax: 071-407 5700

Friday February 7 1992

## How to grab the EC money

BRITAIN'S attempt to place itself "at the heart of Europe" is falling foul of a severe case of clogged arteries. The European Commission is threatening to withhold funds for hard-hit industrial areas unless the Treasury comes up with more transparent accounting procedures for regional spending. The long-running row has already held up £100m earmarked for depressed coal-mining areas, with a further £500m potentially blocked.

The sums form a sizeable component of the money the UK is entitled to receive from Brussels to reduce its considerable net contribution to the Community. Since the dispute has already intruded into the general election campaign, the government has every incentive to get itself off this particular EC spending hook as quickly as possible.

At one level, the wrangling is about whether the UK Treasury needs any advice from Brussels on where to direct British public spending. This is not, however, an argument about the Commission intervening in every "nook and cranny" of British life. The Treasury is being asked, after all, to adapt its public spending regime to conform with EC regulations on good budgetary housekeeping, to which Britain gave its assent in 1988.

## Greater control

More fundamentally, the disagreement raises the question of whether the highly-centralised British system for distributing public-sector funds really serves the country's best interests. There are good arguments in favour of Britain's giving local councils greater control over raising the resources which they are responsible for distributing. This would allow them to forge constructive links with Brussels, under guidelines worked out with Whitehall, to gain maximum advantage from the single market. Excessive British centralisation runs counter to developments in other more successful EC countries, above all Germany.

In the short term, the issue is whether the Treasury can prove to the satisfaction of the Commission that EC regional funding adds to money which would have been spent any-

way. The Commission says that this "additional" public aid is necessary to ensure that aid is channelled towards genuinely eligible regions, rather than simply used to reimburse spending which would otherwise be financed domestically. Britain has always agreed with the argument in theory. But it claims that identifying the supplementary nature of funding on a project-by-project basis raises intractable difficulties for control of public spending.

## Pedantic rules

Britain may have a case in pointing out that the Commission's pedantic spending rules are more applicable to countries such as Italy or Greece with less developed internal financial procedures. But this argument misses the main point: Britain is failing to avail itself of resources available under a scheme originally set up, at least in part, to defray the costs of Britain's EC membership.

The Department of the Environment has put forward several possible solutions. The simplest - redefining public spending planning totals to exclude Regional Development Fund grants - may prove too radical for the Treasury. The government should still be able to provide a spending breakdown which would satisfy most of the Commission's requirements - even though this might require reallocation of funds among other British regional programmes.

Yesterday's news that the EC has cleared £18m in aid to Northern Ireland appears encouraging. The Commission says that the particular system for allocating funds in the province provides the necessary "transparency" - raising the question of why the Treasury cannot adopt such a system for the rest of the UK. Failure to end the impasse would cause hardship and disillusionment in the local authorities involved. More widely, it would be a setback for Britain's overall commitment to get value for money from the EC. A country which has laboured for years to achieve greater financial equity in its dealings with the Community should not now stumble over self-imposed hurdles.

## Maxwell's pensions

The ruthless and systematic looting of pension schemes in the Maxwell business empire by the late Mr. Maxwell was a deplorable enough. Yet many of the 30,000 employees and pensioners whose retirement prospects have already been jeopardised now face a further threat, arising from the considerable legal uncertainty that surrounds the status of pension fund members in a winding up.

Under existing insolvency legislation, it is far from clear where a pension fund deficit ranks in relation to other creditors once the receivers and liquidators move in. While the Fourth Schedule of the 1986 Social Security Act provides a provision for a pension fund deficit to be treated as a debt due from the employer to the scheme, it has not yet been brought into force.

Small wonder that trustees of the Maxwell pension trusts were so anxious to get their hands on Whitehall to bend the ears of social security secretary Mr. Tony Newton, Mr. John Mapples of the Treasury and corporate affairs minister Mr. John Redwood. They risk finding themselves trumped in the stampede, as the big banks lay prior claim to those assets that remain. Yet it was the banks who magnified the damage wreaked by Mr. Maxwell when they encouraged him in his reckless expansion - this, despite powerful anathemas pronounced on him by department of trade inspectors.

## Dismal pittance

The government will, of course, meet its statutory obligation to stump up the equivalent of the guaranteed minimum pension provided under the state scheme for the Maxwell pensioners. But that is a dismal pittance, and the government's dilatory behaviour in implementing the relevant provisions of the 1990 Act means that the trustees' only obvious recourse, in the absence of constructive Whitehall intervention, is to embark on a time-consuming test case. That would create further uncertainty for the pension fund members as well as running the risk that heavy legal costs might further reduce the resources of the funds.

This underlines, once again,

the way in which the odds in occupational pension schemes have been unduly tilted against the employee. Even if the relevant legislation had been in place, the members of the Maxwell pension funds would merely have ranked as unsecured creditors. Yet most of them probably regarded their stake in the fund as a form of remuneration for work that they had already done.

## Questionable value

The pensions lobby, in contrast, argues that pensions are not deferred pay because the employer has to meet the balance of the cost of providing pensions for its employees. Even if the relevant legislation had been in place, the members of the Maxwell pension funds would merely have ranked as unsecured creditors. Yet most of them probably regarded their stake in the fund as a form of remuneration for work that they had already done.

The government must bear substantial responsibility both for the Maxwell pensions debacle and the wider shortcomings of the occupational pensions system. Had ministers heeded the calls for the rapid introduction of tighter regulations governing pension funds, Mr. Maxwell might, at the very least, have found it harder to plunder and loot. The role of IMRO in providing a seal of approval to Mr. Maxwell's in-house fund management group also raises questions about the effectiveness of the Financial Services Act.

Pension fund members both in and out of the Maxwell group have been singularly ill-served and their reasonable expectations have been needlessly frustrated. It is inevitable that they will be frustrated again, unless the government is prepared to confront the problems of the underlying conflict of interest. That means that it must recognise that the whole point of a pension fund is to provide pensions. Membership of occupational pension schemes should be made part of the employees' contract of employment.

French president François Mitterrand has said the Habash affair is over. Yet the political crisis in France caused by the brief hospitalisation in Paris last week of the Palestinian leader Mr. George Habash will not quickly be forgotten. Today, the government faces an opposition censure motion in a one-day session of parliament called by the president to try to put the crisis to rest.

Mr. Mitterrand has dismissed the Habash incident as a minor failure of political judgment by a few civil servants. The harsh truth is that the episode has exposed serious weaknesses in the "Mitterrandian" state, and has inflicted more damage on an already seriously discredited administration.

The summary dismissal last week of four top-ranking officials at the foreign and interior ministries failed to silence the controversy. All the political parties were incredulous at the decision to admit Mr. Habash could have been taken without ministerial authority, and are scandalised that civil servants should be made the scapegoats for their political masters.

Some leading politicians, and not just in the conservative opposition, demanded that ministerial heads should roll. The most spectacular such demand came from Mr. Michel Rocard, the former Socialist prime minister, long an open challenger of Mr. Mitterrand's position and the Socialist party's most likely candidate in the 1995 presidential elections.

In a television interview, he dismissed as "highly implausible" the claim that ministers had not been kept informed, and went on: "We are not at the end of this affair, and I am not satisfied. There is an eminent political responsibility behind this error."

Mr. Rocard's open repudiation of the government's handling of the Habash affair is obviously intended to strengthen his presidential credentials. He was clearly voicing the moral dismay of many other leading party members, and distancing himself from a president whose administration looks alarmingly accident-prone.

His open disloyalty to the president could yet harm him in the long run. But in the short run, President Mitterrand had already decided not to sacrifice any of his ministers.

Some French commentators have protested that Mr. Roland Dumas, the foreign minister, and Mr. Philippe Marchand, the interior minister, ought not to have been able to shirk their personal responsibilities and allow their civil servants to carry the can. The fact is, however, that the France of the fifth republic does not appear to recognise the principle of personal ministerial responsibility.

Very occasionally, a political rebel may resign from office on grounds of personal principle. But in general, loyal ministers are expected to place their portfolios absolutely at the disposal of the president; if they resist, it is only because they have been dismissed.

In the notorious Greenpeace scandal of 1985, it quickly became obvious, in spite of denials, evasions and an elaborate whitewash report, that the sinking of the Greenpeace ship Rainbow Warrior was the work of French secret service agents.

When the facts could no longer be denied, there was a struggle behind the scenes between Mr. Laurent Fabius, the then prime minister, and Mr. Charles Hernu, the then defence minister, to decide which of them would take the blame. This struggle lasted more than two months before Mr. Hernu was forced to resign.

In the Habash affair, no such political sacrifice has been demanded. Indeed, even the exemplary sanctions meted out to the civil servants may be largely illusory, and have more to do with the theatre of politics than with real punishment.

Mr. Roland Dumas, the foreign minister, declared on Tuesday that his great esteem for these "exemplary" public servants was undiminished, and that he would not rest until they were restored to positions of equivalent rank.

According to Mr. Serge July, editor of the newspaper *Libération*, the Habash scandal epitomises a crisis of political irresponsibility which is inextricable from the pronounced personal idiosyncrasy of the Mitterrand regime. In an editorial this week, he traced this crisis to Mr. Mitterrand's "freemasonry of friendship", his habit of filling key political positions with personal friends and loyal associates, such as Mr. Dumas and Mr. Marchand.

The corollary is that none of

Ian Davidson on the mounting political crises of President Mitterrand  
L'état - c'est lui

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President Mitterrand's ministers has any personal authority except through him. Mr. Dumas and Mr. Marchand have no political power of their own, because they owe their positions solely to the grace of the president. Therefore they have no personal responsibility.

The principle of political impunity may also apply to prime ministers. When Mr. Rocard was prime minister, he submitted to President Mitterrand's will, but he remained a figure of political weight and authority, since he controlled a large faction of the Socialist party. By contrast, Mrs. Edith Cresson, his successor, has no independent power base, and is thus little more than the creature of the president.

The first result of the "presidentialisation" of political power is that ministers cannot, or at least should not, make any significant policy innovation without the endorsement of the president. The second is that their ministries are far more sensitive to the policy indications which emerge from the Elysée Palace than from the views of their own titular ministers.

This practice of obsequious "Elysée-ology" offers the most plausible explanation for the Habash affair. The foreign and interior ministries knew that the request to hospitalise Mr. Habash came through the French Red Cross; they knew

that Mrs. Georgina Dufoix, president of the French Red Cross, was also an adviser and long-time associate of Mr. Mitterrand; so they may have assumed the endorsement of the president.

After today's debate, President Mitterrand no doubt hopes that he can resume his previous medium-term plan of campaign. This was to keep the present government in office at least until after next month's regional elections. If the results turned out to be really bad for the Socialist party, he could appoint a new prime minister, who might still have enough time, and above all sufficient popular appeal, to regain ground for the Socialists before the general elections in the spring of 1993.

The one man who is regularly canvassed as such a potential white knight for the Socialists is Mr. Jacques Delors, president of the European Commission. He has strong European and French political credentials, and he is right at the top of the popularity charts. But even were he prepared to throw up everything at a call from President Mitterrand, he could not reasonably abandon his responsibilities in Brussels at a moment's notice.

The earliest plausible moment for a measured change of government, therefore, would be in the late spring. The time when Mr. Cresson almost certainly expect to have to soldier on for six weeks or more, until after the March 22 elections; indeed, it is not impossible that she may have to stay on as prime minister until the general elections next year. If Mr. Mitterrand concludes that a better candidate is not available.

This mid-term scenario helps to explain why Mr. Rocard and his allies in the Socialist party were suddenly so keen for an immediate government reshuffle, or even for a new government, in response to the Habash affair. If Mr. Delors were able, in suitably measured circumstances, to become prime minister some time in the spring, he might also be able to use the office to challenge Mr. Rocard's position as the president's candidate for the Socialist party. If, on the other hand, President Mitterrand could be bounced by the Habash affair into making a sudden government reshuffle now, he could realistically make a second reshuffle six weeks after the regional elections. Mr. Rocard had ethical and political reasons for demanding a reshuffle; but he also saw it as a way of blocking a potential challenge from Mr. Delors.

For the time being, however, Mr. Rocard and Mr. Delors are figures on the sidelines. The central lesson of the Habash affair is that, ultimately, only one person in the whole of the French political system has any power: and only one person is really responsible for anything; and that is the president himself. He created the conditions for the Habash debacle through the presidentialisation of power; and he turned the affair into a crisis, first by treating it as a scandal, and then by attempting to stifle the scandal.

Of course, he cannot himself be punished when things go wrong; but in the end he cannot escape responsibility, and one day there will be a reckoning.

## Back into the public arena

Anthony Harris on a potential new role for Paul Volcker

The surest sign that Mr. Paul Volcker wants to accept an advisory job with President Boris Yeltsin as soon as his role can be defined as both positive and negative. The positive sign is simply that he is who he is. He has spent most of his life in public service - US Treasury, New York Fed and finally Federal Reserve chairman - always a well-known figure as a public figure, and always a well-paid compared with those with whom he did business. In a word, committed.

The first thing he did after accepting his investment banking chairmanship at enough pay to make up for many of the last years, was to take on an unpaid job heading a commission arguing for better terms for US public servants. The report was hardly a best-seller, though, and after five years of high pay but low profile, the offer of a post of real international importance must be irresistible.

The negative sign: he did not mention the invitation to his New York partner, Mr. James Wolfensohn, when he landed in New York from his flying visit to Moscow. The two spent the evening discussing Russian problems - "You name it, and they've got it," as Mr. Volcker summarises the mess - but still no mention of any personal involvement. The discretion is still an almost Pavlovian response to anything important. If Mr. Volcker did not take the offer seriously, he would have talked about it, at least to his partner.

However, Professor Jeffrey Sachs, a leading Yeltsin adviser, has the more gossipy inside news on Mr. Volcker's campaign. So yesterday Mr. Volcker was prepared to admit that he had been approached, to be warmly non-committal about it - and somewhat amused. "You know I was only there as an extension to a European trip - just 36 hours to see for myself, and look up some old friends. And now this. The first thing I mean to do is to go back there - and for at least two days."

These could be quite a difficult two days. It is clear that Mr. Volcker really wants Mr. Yeltsin's name on the money. He is the nearest human symbol, thanks to his financial authority, to an actual IMF endorsement - as soon as possible; but Mr. Volcker himself is not interested in being a symbol. He is determined to get a job description where he can be sure to be useful (which is a case of *embarras de richesses*), and which he can manage in the time left between Wall Street and Princeton University (where he is a professor for half his time), which is harder. He will certainly have to find time for some residence in Moscow, though the Russians might be almost as happy if he spent most of his time on the telephone in New



Volcker: public servant

York to his contacts in government.

The useful paradox is that his five years in the private sector have made Mr. Volcker much more clubbable, without in any way undermining his Czar's-wife intellectual reputation - quite a feat in the Wall Street of recent years. He has lost the habit of talking in Sphinx-like riddles, which he thought appropriate as Fed chairman, and is a frequent and surprisingly witty conference performer.

In one respect his reputation is as forbidding as ever - he likes his own way, and is not an easy man to work with, unlike his very collegial predecessor at the Fed, Mr. Alan Greenspan. He left some bruised egos in the C Street block where the Fed's policymakers also hope to make some sort of a public splash. In Moscow, where most of those he is likely to work with have everything to learn about the outside world and its manners, this is not likely to matter in the least. Mohammed will not only come to the mountain, but happily camp out on its lower slopes.

Mr. Volcker may even get something of a feeling of déjà vu as he considers the problems of a government with a seemingly bottomless deficit, only partly restrained by a market more businesslike and independent minded central bank; and those of negotiating debt restructurings. He did all this as Fed chairman. But his experience in the US Treasury (which manages US government funding and foreign exchange) and in the New York Fed (which monitors the money market and imposes prudential rules) is likely to be at least as relevant to a Russia striving to invent, as it were, a capitalist past.

Mr. Volcker has become such a lofty figure of monetary rectitude that it is easy to forget that like everyone who has ever done the New York job effectively, he is an operator and a negotiator. He may yet be able in the right circumstances to do for Russia what his New York predecessor Mr. Charles Combs once did for Britain - buy vital time at wholesale prices. Time, among other things, to try to implement any advice he offers.

## Les Français über alles

What does the president of the European Commission have in common with the managing director of the IMF, the president of the EBRD, and the secretary generals of the OECD and Council of Europe? *Mais bien sûr*: Delors, Caillaud, and all. Faye and Lamberti are all French.

The Germans may be accused of throwing their weight around these days, but one area where they have patently put up a miserable show is in securing the top spot at major European or international institutions.

The head of the Luxembourg-based European Investment Bank is *deutscher* - if anyone noticed - but otherwise it is the French, styling Nicholas Ridley's canine comparisons, who have long made the running. Not unlike the British, the Germans seem to regard Brussels as the place to palm off problem politicians; and no German has ever been nominated for the big IMF job.

The betting is that this reticence will evaporate when the European central bank moves into view. But then there is the diplomatic teaser that, if they are as mustard-keen as they appear to secure the siting of this worthy institution on home turf, it would be a tall order to expect to be granted a countryman as the first president into the bargain.

## Toned up

Some unseemly crackle, it would appear, on the hot line twist the Bank of England and the Treasury. The latter's feathers have been ruffled by advance copies of the Bank's latest quarterly bulletin, which, although sporting technical graphics for the first time, contained some sombre thoughts about the imminence of recovery from the recession.

## OBSERVER

While Treasury officials do not want to be accused of being economical with the truth, they feel a duty to back Norman Lamont's rosier view of the next few months. And with the election coming up, there's an even more pressing reason not to let spirits sag.

Treasury has been turning to its blue pencil even more assiduously than usual to suggest amendments to the part of the bulletin dealing with economic prospects. Bank officials always find it ironic having to submit their finely honed words to the scrutiny of their colleagues on the other side of London. On this occasion, however, Observer understands sparks have flown.

At least the Treasury has not so far objected to the Bank's plan to change the bulletin's publication day to Tuesday, instead of Thursday, because the Old Lady thinks this will lead to greater publicity for the contents.

## Liberal gesture

English politicians apparently strike a kindly, avuncular chord in the heart of Graf Otto von Lambsdorff, chairman of Germany's liberal free democrats. For instance, he excused Nicholas Ridley's anti-German tirade by saying the Tory minister must have been either drunk or unbalanced by England's defeat by Germany in the World Cup.

Now the Prussian aristocrat has called his sympathies to an Englishman politically more in tune with his own philosophy. "Dear Paddy, don't worry, - and go on," his message says. Alas, while knowing about solidifying on Lambsdorff's own career is hardly a propitious example. Forced out of the economics ministry



In 1984 after embroilment in the Flick affair (alleged party donations for tax concessions, rather than amatory dalliance), it took him four years to make his political comeback.

## Waiting on

Despite all the fine talk about equal opportunity, women still stand a much better chance of making it to the top in Britain's civil service than in Big Business. Barbara Mills's switch from heading the Serious Fraud Office to being the Director of Public Prosecutions is just the latest example.

By contrast, Anne Ferguson's appointment as a non-executive director of National Power is less of a breakthrough. Like I've Newbold, Hansom's company secretary who has gone onto the BT board, the 49-year-old Ferguson has an impressive record.

She has been responsible for modernising ICI's public persona. So her experience should certainly help to add

force to what National Power surrealistically terms its "invisible image".

Nevertheless, her appointment once again raises the question of why women are rarely given executive directorships, as distinct from the non-executive variety. The response of Newbold and Ferguson, as loyal corporate types, is to say that it won't be long before ICI and Hanson appoint women to fully fledged directorships. But Observer is fast growing tired of waiting.

## Going a bomb

Kuwait looks to have developed its own variant of the "170 Rule" being bandied around by Kuwait City residents jittery about renewed Iraqi attack.

Many have bought all-terrain vehicles in readiness for a fast escape across the desert. The trouble is that the sands hide millions of mines and such left from the Gulf war. Hence the rule, based on the idea that if you hit the mines fast enough, you are safely past them before they explode. "Anything over 170km an hour and you can watch them go off in your rear view mirror," says one expatriate.

He has not yet tried it personally, however. Nor is it clear whether the rule includes allowance for 10 per cent speedometer error.

## Mixed-up

Bizarre though psychologists' minds may be, they are clearly not of the one-track variety, to judge by the agenda for the British Psychological Society's annual conference at Scarborough in April.

Topics up for discussion include, among numerous others: athletes and labour pain, time-year-olds and body shape, sexual abuse of clients by therapists, and... the future of the Royal Air Force?

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Mr Yasushi Mieno, the governor of the Bank of Japan, does not believe that his country faces anything like a credit crunch, declining to comment on the "hypothetical" possibility of even a single Japanese bank needing rescue.

Yet in the subtle style of a well-schooled central banker, he indicated a certain level of concern about the health of Japanese financial institutions as they grapple with the collapse of the speculative boom that hit Japan in the 1980s.

Central banks had two goals, he said in an interview with the Financial Times this week: maintaining price stability and ensuring a stable financial system. "In the past, previous governments put a little more weight on the maintenance of price stability [rather than financial stability]. But under the current circumstances we should attach equal importance to these two objectives."

Mr Mieno, who has spent his working life at the central bank and has been governor for just over two years, has presided over Japanese monetary policy during one of the most difficult times since the second world war. First he raised interest rates to deflate a speculative bubble in stock and land prices and to dampen inflation. Then as the threats receded, he gently lowered the cost of borrowing. Now he has to consider whether to cut rates further to stimulate growth or to keep the brakes on credit for a while longer.

Mr Mieno has been criticised in some corners of the financial community, particularly in the stock market where he was

## Mr Triple Trouble fights his corner

Yasushi Mieno, governor of the Bank of Japan, tells Stefan Wagstyl he will resist outside pressure

motto was never to shirk difficult challenges. "The current situation at the Bank of Japan requires a strong will to fight back [against pressures from outside]," he said.

In preparing for this fight, Mr Mieno, who is 67, has a wider breadth of experience to draw upon than most Japanese. Before the second world war, he lived with his family in Manchuria, moving frequently. Returning to Tokyo, he helped to keep himself and his family by dealing in soap, butter and sewing machines. As a student at Tokyo University he boarded at a sumo wrestling stable, an experience that led to a lifelong love of the sport.

He has a down-to-earth manner that endeared him to his staff. Stories of his down-to-earthness circulate the central bank. When he walks with his wife around the shops near his Tokyo home, the shopkeepers call it "Mr Mieno's price inspection". But behind the charm a keen mind is at work - his recent reading includes André Gide and Dostoevsky.

During the interview, Mr Mieno gave a characteristically upbeat assessment of the Japanese economy. It is "still in quite a robust state although the rate of the slowdown is slightly accelerating".

Mr Mieno argued that, even though companies were adjusting stock and capital investment levels, the underlying tone of the economy was firm. Businesses were pressing ahead with some kinds of investment, such as the purchase of labour-saving equipment; consumption was strong; and the economy was benefiting from the accumulated savings of the late 1980s. In contrast to some private-sector economists, Mr Mieno sees little risk of a sharp economic downturn. "The adjustment process will continue for the time being, but it is unlikely that the economy will decline suddenly. Gradually it will emerge on to a path of sustainable growth." The central bank would continue to monitor the effects of past interest rate cuts, said Mr Mieno, because it is important that the adjustment "is not



Mieno: tries to keep 'a certain distance' from politicians

more severe than necessary". Mr Mieno set the Japanese economy in a global context, pointing out that overseas countries, especially the US, also "face adjustment from the excesses of the 1980s".

The governor predicted that the US economy would resume growth in the second half of this year, but he expected Asia to grow faster than the rest of the world. Japan should suffer less from the global slowdown than in the past because it relies less on exports and more on domestic demand.

In a speech yesterday, Mr Mieno warned against quick fixes to deal with recession or slow growth. He said that long-term and medium-term goals should not be sacrificed for the sake of short-term gains in growth - remarks aimed at policymakers in other industrialised countries.

In the interview, Mr Mieno chose his words with care, particularly when it came to the state of health of Japan's financial institutions. He said that

some financial companies which had lent money to fund speculative investments were now suffering from non-performing loans on their books and the non-payment of interest. Moreover, the deregulation and internationalisation of the Japanese market had made life "more severe" for the management of financial companies.

But Japanese financial institutions, he said, had large internal reserves so the bursting of the bubble was "unlikely to shake the stability of financial institutions". However, it was important for them to strengthen risk control management and their capital bases. For its part, the central bank "will do its utmost to make the financial system as stable as possible".

Among the more delicate tasks facing a governor of the Bank of Japan is maintaining good relations with the finance ministry. Even though the central bank's independence is enshrined in law, the ministry retains considerable influence,

not least because of a tradition that the ministry and the bank take turns in nominating a governor. Mr Mieno, as a career central banker, makes no bones about his determination to assert the bank's independence. He has made headlines defending himself against criticism from finance ministry officials, some of whom felt that his earlier squeeze on credit was too severe.

Mr Mieno said that to maintain *de facto* independence, the central bank had to pursue the right monetary policy with self-confidence. This earned the bank the moral authority to resist pressure from the outside. Mr Mieno said he consulted frequently with business and government circles, but tried to keep "a certain distance" from politicians. The Bank of Japan's current policy was accepted as correct by the ministry and by government, he said.

Turning to the sensitive subject of the recent sharp increase in Japan's current account surplus with the rest of the world, Mr Mieno said that the doubling of the current account surplus last year to \$78bn was 88 per cent owing to "special factors". These included changes in gold imports, a decline in the oil price, a rise in the yen's value (which boosted the US dollar-denominated surplus) and the collapse of the financial bubble which hit imports of luxuries.

Furthermore, said Mr Mieno, the ratio of the current account surplus to the nominal gross national product - a measure of the surplus's economic significance - had fallen from 4 per cent in 1986 to 2 per cent last year. The figure for 1992 would be little different, he added, a ratio that he described as almost in the range of what was acceptable.

Nevertheless further measures were necessary to reduce external imbalances, Japan, he said, needed to promote domestic demand-led growth. It should deregulate its economy further and increase the transparency of economic transactions to make them more accessible from the outside, said Mr Mieno, in a reference to US criticism of the opaque aspects of the Japanese economy, including *keiretsu*, or industrial groupings.

However, the governor also had some advice for the US and Europe. He said countries with current account deficits also had to do their part to reduce the imbalances through economic policy changes of their own. "Only through the joint efforts of both surplus and deficit countries does it become possible for the external imbalances to be adjusted."

## Joe Rogaly Protection of privacy



Anyone who read one of Britain's tabloids yesterday would feel the need to wash his or her hands. If you read them all only a hot bath in mild acid would suffice. There is no need to repeat what they said. That would be to fall into the trap of protesting against much while disseminating it oneself. Let us just say that the popular press was at its most vile.

Yet at breakfast I still doubted the need for a privacy law. The old argument seemed paramount. There is too much secrecy in Britain as it is. Any further obstacle to the free expression of opinion, or the absolute right to publish, would be the thin end of a dangerous wedge.

The treatment of Mr Paddy Ashdown was outrageous, but it did not quite justify a new legal constraint. Then the news came through that the secretary with whom Mr Ashdown had had a brief relationship five years ago had succumbed to hounding by the tabloids. She allowed herself to be photographed in the hope that the persecution would stop. I believe that there is no legitimate public interest in the Liberal Democrat leader's long-past private behaviour, but others may disagree.

When it comes to the woman in the case there is no room for argument or doubt. She is a private person who, in the words of her statement, has been subjected to "intolerable pressures and intrusions" by hordes of the popular press. This is something against which there ought to be a law. Nothing will be done this side of an election, after which everyone may have cooled down. Mr Kenneth Baker, the home secretary, is disposed to give the present system of self-regulation by the Press Complaints Commission another year in which to prove itself. He does not believe that it has yet done so. A Labour government would probably take the same view, although it would have as much reason to be ill-disposed towards the tabloids (the Mirror excepted) as a victorious Conservative government would have to be

grateful to them. Either way, the chairman of the complaints commission, Lord McGregor, has time in which to persuade editors and proprietors that the penalty for publishing intrusive tripe is likely to be irresistible back-bench pressure for new legislation. The back benches will count for something if, as is likely, there is a hung parliament or the next government rests on a slim majority. Lord McGregor argues that a law of privacy would enable public personages or governments to conceal important truths, while the absence of such a law would mean that a small number of individuals would have to suffer horrors of the sort we saw yesterday. Reluctantly, he concludes that we have to accept the latter in the interests of a free press in a democracy.

Nothing will be done this side of an election, after which everyone may have cooled down

This has been the majority view since the Calcutt committee on privacy reported in June 1980. The committee sought to balance article 8 of the European convention on human rights ("everyone has the right to respect for his private and family life, his home and his correspondence...") against article 10 ("everyone has the right to freedom of expression..."). It chose to be guided by the principle that while freedom of expression is pre-eminent, certain exceptions protecting individual privacy may be necessary.

It recommended that media intrusion into private property without consent, and for the purpose of obtaining personal information, should become a criminal offence. The law should provide for injunctions against the publication of stories or photographs so acquired; alternatively the victim could sue. The efficacy of injunctions has once again been thrown into doubt this week but, as to the rest, it must be said that Calcutt had a point. The committee also rejected

a privacy law, partly on principle and partly because there were "more appropriate remedies", presumably including the new Press Complaints Commission. That sounded OK at the time. It sounds less so today. Our own Louis Blom-Cooper QC, who was chairman of the Press Council until the commission replaced it, favours a new tort of "unwarranted invasion of privacy", subject to a "public interest" defence, which would leave it to the courts to fill in the details. There would be no prior restraint, but the media could be sued by aggrieved individuals.

Considering what the judges have done with the law of defamation, I am not too sure about this generalised approach. Our crusty courts would be likely to build up huge defences against reasonable disclosures. The remaining option is debated in Calcutt, and preferred by Mr Geoffrey Robertson QC, a media expert. This is to specify what is protected, such as hospital records or stolen documents containing intimate personal details, as to do so stop loiterers armed with notebooks and cameras who could sue against "watching and besetting" your domain. This is the US approach, which did not help Governor Bill Clinton - but there is no protection against an unscrupulous teller of tales.

The case for a privacy law based on specified disclosures of personal information is now hard to rebut. It may not have stopped publication of all of this week's tabloid articles, but editors would have had to weigh the likely cost of a lawsuit, and the strength of a public interest defence. Yet if the papers are to be discouraged from prying into the personal lives of anyone they please, they should also be better enabled to gather real news.

A freedom of information bill, promised by Labour and the Liberal Democrats, should precede a privacy law. We also need to subject the activities of our spies to proper scrutiny. The present security service and official secrets acts would cover up illicit break-ins. This is particularly worrisome in a week in which many people once again suspect the secret services of being up to dirty tricks.

### Japan's economy is 'still in robust state', although 'the rate of the slowdown is slightly accelerating'

dubbed Mr Triple Trouble in a play on his name, which contains the Japanese word for "three". But to the general public he has become something of a hero, having been inflicted on land speculators. While stock market and banking scandals last year tarnished many financial companies and touched even the finance ministry, the Bank of Japan's reputation for rectitude has rarely been higher.

Mr Mieno relies on officials for the fine tuning of monetary policy. His biggest personal contribution is his zeal for sound money and his fierce resistance to external pressure on the bank. He said that his

## LETTERS

### Union leader reasserts view of UK traditions

From Mr Ken Gill

Sir, Your report ("Union leaders admit upsetting Japanese", February 3) on the recent visit of a small group of TUC leaders to Japan shows that at least one TUC resolution is helping to influence the world - would that there were more! The fact that Japanese business leaders want to talk more about the British TUC's policy is cheering to those who experience the cold shoulder from their British counterparts.

Your report is wrong to indicate that the suggested talks between the Japanese CBI and the British TUC were on the initiative of the TUC. The initiative came from the Japanese who are worried about their international image and concerned to protect their profitable investments in Britain. I hope that something comes out of these discussions to protect the interests of British employers from alien practices such as no-strike deals and employer imposed choice of union.

Much has been written about alleged insults during that TUC debate. As the resolution's instigator, my union was anxious to show that the practices described above are contrary to British traditions. They also offend the principles laid down by the International Labour Office for the international community on the rights of association and the right to

strike. We have been accused of being racist in the use of the word "alien", reference to any decent dictionary will show the word, when used as an adjective, perfectly sums up this complex set of ideas. Only those warned on comics and "B"-feature science fiction films make the mistake of accusing us of insulting the Japanese people.

Mind you, the statement made by the Japanese prime minister, a man with little experience of manual labour, about the lack of the work ethic in the US makes you wonder.

Must we look forward to a working life of long hours, company controlled unions, unquestioning loyalty to the boss, and unrestrained discrimination against women workers? Or is there an alternative based on the dignity of labour, which flows from democratic rights and strong independent trade unions at work? This is what the debate is really about.

Ken Gill, general secretary, MSF, Park House, 64-66 Wandsworth Common, North Side, London SW18 2SH

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### Presidential election no inhibitor of Uruguay Round progress

From Mr Harry L. Freeman

Sir, You quote (World Trade News, February 5) EC vice-president Franz Andriessen as saying that if the Uruguay Round of the GATT is not concluded by around Easter, nothing more can happen in 1992 because of the US presidential election and "its heavy stress on isolationism and economic nationalism will therefore close that window for the remainder of 1992".

Mr Andriessen, being the gentleman that he is, conveniently uses the US elections as an inhibitor. Perhaps he should look at election uncertainties closer to home as a cause of the lack of real progress in the Uruguay Round.

Last week, the French Socialist Party, by-elections, this might inhibit President Mitterrand from relaxing his position on agricultural subsidy reform. The Italian election is set for April 5, and your report is that the parties in power are pretty shaky. Of course, there is the approaching election in Britain

where the polls see-saw virtually daily. Ireland's prime minister just fell. Chancellor Kohl's party seems to be having some problems. And so forth in the EC.

Beyond the EC, Canada's prime minister's standing is low in the polls. Australia's prime minister has changed, and there are rumours circulating concerning a possible shortened term for the Japanese prime minister. And so forth around the world.

Hence, laying a possible delay wholly on US elections (and, incidentally, the congressional elections should be more of a concern than the presidential election) may be convenient for EC commissioners, but such inaccurate finger pointing is all that hinders in dealing with the real problems of the Uruguay Round. From an American viewpoint, more leadership from the EC and Japan would be welcome.

Harry L. Freeman, The Freeman Company, 1101 Pennsylvania Avenue NW, Suite 510, Washington DC, US

### No failure of national accounts

From Sir Jack Hibbert

Sir, I was astonished to read your comment ("Save the FSB", February 6) that the failure to distinguish between current and capital expenditure in the national accounts is more than mere semantics. Current expenditure has been distinguished from capital in

the national accounts produced by the Central Statistical Office since the 1940s. Perhaps you were thinking of some other "national accounts" of which I am not aware. Jack Hibbert, director, Central Statistical Office, Great George Street, London

### American Airlines' argument for free market on transatlantic route

From Mr Arnold Grossman

Sir, Readers should be astonished at the article "A Call to Protect British Airways from US Competitors" (January 17) in which Charles Leadbeater reports that the Commons Transport Committee has concluded that "British Airways should be protected from increasing competition from US airlines in Europe until the US aviation market is opened up to foreign carriers."

US airlines only have a 46 per cent share of transatlantic passengers, and 47.5 per cent of the US-UK passengers. UK carriers have far better access to the US than US carriers have to the UK. The air service agreement between the US and the UK allows UK carriers to serve

88 city-pair markets compared with 47 for US airlines. And frequency controls prevent added service on existing routes like Chicago-Manchester.

British Airways effectively serves the US from 87 non-stop destinations behind London Heathrow Airport with a total population of 97.4m - all potential passengers to the US. By contrast, Delta's Atlanta "mega-hub" serves only 50.7m. America's Chicago hub 37.1m and United's Washington hub 23.0m. And the hubs all compete for traffic from many of the same cities.

On average, US carriers provide connections to London from 77 destinations, including many small cities served by

commuter airline partners with little transatlantic traffic potential.

In "A Manifesto for Civil Aviation in the 1990s", British Airways observed that liberal aviation agreements "increase the number of airlines, frequency of flights and the seat capacity available on routes within Europe. To say nothing of the value of money enjoyed by passengers".

If liberal aviation agreements are so beneficial in Europe, why are they a liability in the transatlantic marketplace? It is demonstrable that traffic growth between the US and liberal European countries - France, Germany and Switzerland - significantly exceeded passenger growth to

the UK. Had transatlantic traffic to the UK increased like that to France, Germany and Switzerland, 700,000 additional US visitors would have spent approximately \$960m in the UK.

If there is a competitive advantage in the US-UK market, it rests with UK airlines. When the UK embraces free market practices in its aviation relationship with the US, the resulting competition will discipline the air travel market and produce economic prosperity and real value for consumers.

Arnold Grossman, vice president International, American Airlines, PO Box 519616, Dallas/Fort Worth Airport, Texas, US

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INTERNATIONAL COMPANIES AND FINANCE

Iberia to seek Pta120bn extra state funding

By Tom Burns in Madrid

IBERIA, the Spanish airline, is likely to make a loss in excess of Pta50bn (\$488m) for 1991 and is seeking Pta120bn of extra funds from the government. The loss estimate compares with an earlier forecast of a Pta40bn loss and losses of close to Pta14bn in 1990. The airline has been held in check by the Gulf war, escalating labour costs and a series of acquisitions in Latin America that Iberia views as key components in future realignments among European airlines. The request for state funds will be formally made next week by Iberia's board to the Instituto Nacional de Industria, INI, the public sector holding company which owns the airline. Sir Leon Brittan, the European Commission vice-president responsible for competition policies, is understood to have discussed Iberia's bid for a cash injection during talks in Madrid last week with members of the Spanish government. Iberia discounted press reports that the re-capitalisation plan could come under EC

Brokers criticised for breach of code

By Richard Gourlay in London

THE TAKEOVER panel has criticised Smith New Court, Henry Cooke and NM Rothschild for breaching the takeover code ahead of Monday's bid by Petrocon, the engineering and surveying group, for James Wilkes, the engineer.

Yesterday's panel statement follows a 26 per cent increase in Wilkes' share price preceding the January 20 announcement that it had received an approach that could lead to a full offer. Petrocon's advisers, Henry Cooke and Smith New Court, were criticised for not consulting the panel before approaching "a significant number" of Petrocon and Wilkes' institutional shareholders to establish attitudes to a possible offer.

More than 10 people are understood to have been approached ahead of the drive into central and South America will be used by the company as leverage in possible future negotiations to form alliances with other European carriers.

Record profits at Hafslund

By Karen Fosell in Oslo

HAFSLUND Nycomed, Norway's second largest stock market listed company after Norsk Hydro, yesterday announced record profits and an increased dividend, plus plans to spin off its shipping operations into an independent company. The dividend is being lifted from Nkr1.75 to Nkr2.50 a share. Hafslund also plans to boost share capital by an estimated \$100m, by issuing new class-B shares. The group, best known for its radiology products, improved pre-tax profits by 26 per cent to Nkr1.31bn (\$211m) for 1991. Hafslund Transport, the shipping division, is to be demerged through an offer to existing shareholders. The shipping operation, to be

renamed Actinor Shipping, comprises 13 ships and a 50 per cent shareholding in an offshore accommodation rig. It has a combined book value of Nkr2.6bn. Hafslund said that, for the time being, it would retain a 25 per cent share in Actinor Shipping and underwrite a limited portion of its debt, to ensure satisfactory loan terms. Shareholders in Hafslund Nycomed will receive one share in Actinor for every 200 shares in Hafslund Nycomed, resulting in a split of the new shares. Also, the company will seek to increase share capital by up to 4.5m class-B shares (corresponding to 2.5m old shares), to be used for a possible share offering in connection with a New York share listing.

Swiss bankers hurry to prop up their image

Ian Rodger on the way squeezed margins are forcing a radical shake-out in the sector

The image of Swiss banks being as solid as the Matterhorn has been a bit of a beating lately, but the country's hyper-sensitive bankers are already taking steps to prevent any further erosion. Last October, a sizeable Swiss bank was closed without warning by the Swiss Federal Banking Commission. Last week, Credit Suisse, the country's third largest bank, was stripped of its triple A rating by Moody's, the US credit rating agency. And this week, two regional banks have been rescued by other banks. In comparison with the havoc being wrought on the banking sector in some other countries - notably Japan and the US - this is minor stuff. And no one familiar with the structure and supervision of Swiss banks would suggest there is cause for major concern. But Switzerland is a tiny country with few natural assets. The country's image as a secure haven for capital has been a major source of economic growth, so the country's bankers are understandably eager to preserve that image. The problems in the Swiss banking sector today are not dissimilar from those in other industrialised countries. Some banks expanded their loans too rapidly in the booming 1980s, others spent too much on automating their processes. And in the tougher climate of today, these excesses cannot easily be corrected. In addition, protectionism and cartels in the Swiss banking sector supported an excessive number of banks for a long time. There are still over 600 banks in the country and a shake-out has long been expected. In the late 1970s, the last time there

was a squeeze in the Swiss banking sector, the big banks eagerly snapped up small banks to expand their retail networks. That is not an option today, partly because the big banks are trimming branches and partly because there was a lot of resentment about their barging in to local markets. "We would prefer that local solutions be found for local problems," an official of Credit Suisse, the third largest bank, said. However, until the forced closure of Spar and Leihkasse Thun last October, no one noticed the big banks' implicit safety net had developed some big holes. Since then, bankers have been working overtime to put a new safety net in place and this week they unveiled a two-layer system designed to prevent any more forced closures.

First, the Union of Swiss Regional Banks, which represents the smaller local banks that are in the greatest difficulties, has formed an examining board to discover problem cases and try to solve them. Union officials say about a dozen of their 185 member banks are now being examined. Ideally, another bank will be found to take on the problem bank or its assets, as in the cases this week of Union Bank of Switzerland rescuing Bank EVK in the Bern region and Banque de l'Etat de Vaud taking over Banque de la Glane et de la Gruyere. If a problem bank refuses to co-operate, the Federal Banking Commission will apply pressure. If no bank can be found that is willing to take over the troubled bank, a working group within the Swiss Bankers Association will move in to make sure that creditors are protected as far as possible.

Olivetti registers smaller than expected loss

By Haig Simonian in Milan

OLIVETTI, the troubled Italian computer and office equipment group, yesterday clarified uncertainties over its 1991 results by reporting a preliminary loss of around L290bn (\$242.2m). That is appreciably smaller than the L380bn suggested by Mr Carlo De Benedetti, the company's chairman and controlling shareholder, earlier this week. Mr De Benedetti said losses for 1991 would be equivalent to around 4.4 per cent of last

year's group sales of L8,600bn. Discrepancies arise in the allocation of extraordinary costs stemming from the company's restructuring plan, announced in late 1991, but only being put into effect this year. Olivetti said the L290bn loss included the cost of 7,000 job cuts in 1991, but excluded any provision for the restructuring announced last November. The company also revealed that earnings at the operating level had been

around break-even last year. A final earnings figure for 1991 will depend on how extraordinary expenses linked to the restructuring plan are allocated between the 1991 and 1992 financial years, a decision that will be taken by Olivetti's board in April. Olivetti gave no indication of the size of allocation necessary for the current restructuring programme, which envisages 2,600 job cuts and two plant closures in Italy, as well as unspecified redundancies

and factory closures abroad. However, even in the extreme event of all the restructuring costs being attributed to the 1992 accounts, the L290bn loss is still considerably higher than analysts had expected before Mr De Benedetti's statement. Meanwhile, talks were continuing between the company and union leaders on the restructuring programme and the possibility of closer collaboration between Olivetti and the public sector.

Nokia acquires rival in FM205m deal

By John Burton in Stockholm

NOKIA, the Finnish electronics group, yesterday bought its domestic TV set competitor Finlux in a complicated FM205m (\$47.6m) deal that also affects Nokia's ownership structure. Nokia will finance the Finlux deal by buying out the 4.5 per cent stake held in Nokia by Kansallis-Osake-Pankki, the troubled Finnish bank, for FM542m and use some of those shares as payment for Finlux, which is now owned by Metra, an engineering group. Metra will consequently gain a 3 per cent stake in Nokia, whose dominant shareholders are the Union Bank of Finland and the insurer Pohjola, with shareholdings of 12.8 per cent and 8.2 per cent respectively. The purchase of Finlux, which has annual sales of FM600m, will consolidate Nokia's position as a producer of televisions in its home Nordic market. Nokia, which is Europe's third largest maker of televisions, also announced yesterday a reorganisation of its sibling consumer electronics division by concentrating television manufacturing at factories in Finland and Bochum, Germany. A TV plant in Chartres, France will be closed.

RVI returns to black

By Alice Rawsthorn in Paris

RENAULT Vehicules Industriels (RVI), the truck and van maker run by Renault, France's state-owned car group and Volvo of Sweden, managed to muster a modest profit last year despite the depressed state of the US and European markets. This represents a return to the black for RVI after making a loss of FF102m (\$18.8m) in 1990. The company achieved this despite sales falling by nearly 7 per cent to FF227.5m in 1991 from FF239.65m in the previous year. The links between Renault and Volvo, which owns 45 per cent of RVI, recently came under scrutiny during the controversy over Volvo's plans for

a merger with Procordia, the Swedish pharmaceutical and food group. Mr Pierre Colmant, director, said RVI had managed to maintain its European market share at 11.8 per cent. The number of RVI registrations for trucks over 3 tonnes fell by 10.9 per cent, slightly more than the European market as a whole, which slipped by 10.5 per cent to 259,000 units. In France RVI managed to perform better - or less badly - in sales terms than the rest of the market. In the US, where the market was more depressed than in Europe, RVI sold 11,300 models, against 17,000 in the previous year.

Amev sells Grolsch stake

By Ronald van de Krol in Amsterdam

AMEV, the Dutch insurer, has sold a 5 per cent stake in Grolsch, the Netherlands' second-largest brewer, to an unidentified buyer through a transaction carried out on the Amsterdam Stock Exchange. It sold the shares on Monday for F179.00 (\$100) each, one guilder below the price prevailing on the bourse that day. According to the bourse's official price gazette, the shares were then sold on an undisclosed buyer for F179.50. Yesterday, Grolsch closed F1.50 higher at F182.50. Amev said the sale was not connected to Grolsch's agreement on buying bottles, the UK brewery, for Courage, a subsidiary of

Australia's Fosters Brewing. Whenever they invest in domestic companies, big Dutch institutional investors tend to hold at least 5 per cent of the capital in order to qualify for tax breaks. Under new Dutch legislation which took effect this month, investors must inform publicly quoted Dutch companies whenever their shareholdings rise or fall below the 5, 10, 25, 50 and 65 per cent barriers. Among Grolsch's biggest shareholders are members of the founding Groen family, who own around 40 per cent of the capital. The company has said around 25 per cent of its shares are held by UK institutional investors.

SANPAOLO BANK

NOTICE

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- Yen 5,000,000,000 7.125 per cent Nikkei - Linked Depositary Receipts Due 1994  
- Yen 6,000,000,000 Floating Rate Depositary Receipts Due 1993  
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- Yen 10,000,000,000 7.3 per cent Depositary Receipts Due 1993  
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- Yen 5,000,000,000 9 per cent Nikkei - Linked Depositary Receipts Due 1994  
- USS 40,000,000 7.37 1/2 per cent Depositary Receipts Due 2001  
- Euro Medium Term Depositary Receipts Programme (including any outstanding Depositary Receipts issued pursuant thereto)

(the "First Depositary Receipts") and

- USS 100,000,000 Floating Rate Depositary Receipts Due 1992  
- USS 250,000,000 Subordinated Variable Rate Depositary Receipts Due 2000  
- AS 47,512,500 Annual and Rolled-Up Interest Depositary Receipts Due 1999

(the "Second Depositary Receipts")  
(the First Depositary Receipts and the Second Depositary Receipts, together the "Receipts")

in respect of deposits made with  
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continued, respectively, by the Depositary Agreements and Trust Deeds dated 2nd March 1989, 9th March 1989, 25th November 1989, 21st June 1990, 20th November 1990, 24th July 1989, 6th September 1990, 4th December 1985, 26th July 1990 and 15th December 1989 (together the "Trust Deeds") and, in the case of the Second Depositary Receipts, by First Supplemental Agreements dated, respectively, 28th December 1990, 24th October 1990 and 13th December 1990 all made between Istituto and The Law Debenture Trust Corporation plc (together the "Trust Deeds") and 20th November 1990 and 6th September 1990 which were made between Istituto and the Law Debenture Trust Corporation (Cayman) Limited as Depositary Trustee (together with The Law Debenture Trust Corporation plc, the "Depositary Trustees").

NOTICE IS HEREBY GIVEN TO THE HOLDERS THAT:-

- 1) With effect from 1st January, 1992, as part of the reorganisation of Istituto, pursuant to Law No. 218 of 30th July, 1990 and legislative decree No. 356 of 20th November, 1990, of the Republic of Italy, Istituto transferred its banking business to SPA, a limited liability joint-stock company constituted under Italian law.
- 2) Istituto requested each of the Depositary Trustees to exercise its powers pursuant to the Conditions of the Receipts and the Trust Deeds to agree to the substitution of SPA in place of Istituto as the principal debtor in respect of the Receipts and under the Trust Deeds.
- 3) Each of the Depositary Trustees, having been advised and being of the opinion that such substitution on the terms provided in the Supplemental Depositary Agreements and Trust Deeds (the "Supplemental Deeds") in respect of the Receipts is not materially prejudicial to the interests of the Holders of the relative Receipts, has entered into the Supplemental Deeds to make the appropriate modifications to the terms of the Receipts to effect the transfer of Istituto's liabilities to SPA under Italian law and to give effect to the transfer under English law.
- 4) Copies of the Supplemental Depositary Agreements and Trust Deeds dated 1st January 1992 effecting such substitution are available for inspection by the Holders of the relevant Receipts at the specified offices of the Paying Agents appointed in respect of the relevant issue of Receipts.

Dated 7th February, 1992.

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As the capital of the Sicav is still below one fourth of the minimum capital required by Luxembourg Law of March 30, 1988 relating to collective investment undertakings, the Board of Directors convenes the shareholders of YAMATO EQUITY WARRANT FUND SICAV to an Extraordinary General Meeting of the Company, to be held at Howard 35, Rue des Schéens, on

Monday, February 24th, 1992 at 14.30 p.m. with the following agenda:

- AGENDA
1. Submission by the Directors of the question of dissolution of the Sicav to the General Meeting, according to article 29 (2) of the law dated March 30, 1988
  2. In case resolution 1 is adopted, designation of one or more liquidators and determination of their powers.

In order to attend the meeting, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or at one of the agencies of the BANQUE DE LUXEMBOURG.

The shareholders are advised that the Meeting will deliberate without attendance condition and that decisions will be taken by shareholders holding one fourth of the shares present or represented at the meeting.

The Board of Directors

CORRECTION NOTICE

WALT DISNEY COMPANY  
ECU 62,500,000 8 3/4% NOTES DUE 1994

Noteholders are hereby informed, that the annual instalment due February 25, 1992 covering a nominal amount of ECU 62,500,000 has been entirely satisfied by repurchase in the market pursuant to the provisions of clause 6 (a) of the Terms and Conditions of the Notes.

The drawing by lot published on January 25, 1992 has been cancelled and does not apply. Therefore Noteholders should not present any of those numbers for redemption.

BANQUE INTERNATIONALE  
A LUXEMBOURG  
Société Anonyme

EDF USD 225,000,000  
ELECTRICITE DE FRANCE  
10% GUARANTEED  
NOTES DUE 1995

Pursuant to the Terms and Conditions of the Notes, notice is hereby given to the

Noteholders that USD 11,000,000 have been purchased.

Nominal outstanding:  
USD 204,000,000

THE PRINCIPAL  
PAYING AGENT,  
SOGEMAL  
GROUP SOCIETE  
GENERALE PARIS  
15, AVENUE EMILE REUTER  
LUXEMBOURG

BankAmerica  
Corporation  
(Incorporated in the State of Delaware)

U.S.\$400,000,000  
Floating Rate Subordinated  
Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the next

Interest Sub-period from 10th February, 1992 to 9th March, 1992 the following will apply:

1. Interest Payment Date: 9th March, 1992.
2. Rate of Interest for Sub-period: 2% per annum.
3. Interest Amount payable for Sub-period: US\$194.44 per US\$50,000 nominal.
4. Accumulated Interest Amount payable: US\$31.56 per US\$50,000 nominal.
5. Next Interest Sub-period will be from 9th March, 1992 to 9th April, 1992.

Agent Bank  
Bank of America  
International Limited

CHEMICAL

NOTICE TO HOLDERS OF THE FOLLOWING DEBT SECURITIES LISTED ON THE INTERNATIONAL STOCK EXCHANGE OF THE UNITED KINGDOM AND THE REPUBLIC OF IRELAND LIMITED (THE "LONDON STOCK EXCHANGE") ORIGINALLY ISSUED BY MANUFACTURERS HANOVER OVERSEAS CAPITAL CORPORATION (NOW KNOWN AS MANUFACTURERS HANOVER LEASING INTERNATIONAL CORP. ("MHLI")) AND GUARANTEED BY MHC:

GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1996  
GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE AUGUST 1996

NOTICE TO HOLDERS OF THE FOLLOWING DEBT SECURITIES LISTED ON THE LUXEMBOURG STOCK EXCHANGE ORIGINALLY ISSUED BY MANUFACTURERS HANOVER CORPORATION ("MHC"):

FLOATING RATE NOTES DUE 1992  
FLOATING RATE SUBORDINATED NOTES DUE 1997  
FLOATING RATE SUBORDINATED NOTES DUE NOVEMBER 1997  
FLOATING RATE SUBORDINATED CAPITAL NOTES DUE APRIL 1998

Notice is hereby given that the merger (the "Merger") of MHC with and into Chemical Banking Corporation ("Chemical") was consummated on December 31, 1991. As a result of the Merger, each outstanding share of common stock of MHC was converted into 1.14 shares of common stock of Chemical, and each outstanding share of preferred stock of MHC was converted into one share of preferred stock of Chemical having the same rights, powers, privileges and preferences as such share of MHC preferred stock. Accordingly, the common stock of MHC will no longer be listed on the London Stock Exchange with effect from the close of business today.

In addition, by operation of law as a result of the Merger, the separate existence of MHC has ceased and all debts, liabilities and duties of MHC (including the indebtedness and guarantee obligations of MHC described above) now attach to Chemical and may be enforced against Chemical as successor obligor or guarantor, as the case may be, to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

The debt securities and guarantees described above will neither be exchanged nor overstamped, and the debt securities of MHC described above will remain listed on the Luxembourg Stock Exchange under the former name followed by the new name. The debt securities of MHLI described above which were formerly guaranteed by MHC and are now guaranteed by Chemical will remain listed on the London Stock Exchange under the name of MHLI. A complementary legal notice as well as the amendments of the statutory documents have been lodged, in the case of debt securities listed on the Luxembourg Stock Exchange, with the Greffier en chef of the Tribunal d'arrondissement in Luxembourg and, in the case of debt securities listed on the London Stock Exchange, with The Quotations Department.

February 7th, 1992

RHONE-POULENC S.A.

USD 300,000,000  
UNDATED FLOATING RATE  
CAPITAL NOTES

Pursuant to the Terms and Conditions of the Notes, notice is hereby given to the

Noteholders that USD 56,000,000 have been purchased.

Nominal outstanding:  
USD 244,000,000

THE PRINCIPAL  
PAYING AGENT,  
SOGEMAL  
GROUP SOCIETE  
GENERALE PARIS  
15, AVENUE EMILE REUTER  
LUXEMBOURG

Banque Paribas Madrid Branch  
Up to 4,000,000 Call Warrants  
Related to the FIEX-35 Index

As a result of the change in the name of the FIEX-35 Index, Banque Paribas wishes to announce a change in the title of the above warrants to:

Banque Paribas Madrid Branch  
Up to 4,000,000 Warrants  
Related to the IBEX-35 Index

U.S. \$250,000,000



Crédit Lyonnais

Subordinated Floating  
Rate Notes Due August 1997

Interest Rate 5% per annum

Interest Period 7th February 1992

Interest Amount per U.S. \$10,000 Note due 7th May 1992 U.S. \$125.00

Credit Suisse First Boston Limited Agent

THE FINANCIAL BOOKMAKERS  
Call us now on 071-628 7233 or write to us at: 9-11 Governor Gardens, London SW1W 0BD for your free Distinguishing Handbook which gives details on how to use the specialist TAXI TRIP or other B2B world finance services.

ALCO INTERNATIONAL LIMITED  
Incorporated and registered in the Cayman Islands  
The Cayman Islands  
The company is authorised to accept deposits from non-residents in the Cayman Islands and to accept deposits from non-residents in the Cayman Islands in the amount of US\$50,000 nominal value and to accept deposits from non-residents in the amount of US\$50,000 nominal value.

## INTERNATIONAL COMPANIES AND CAPITAL MARKETS

## Canadian air carriers clash over foreign equity issue

By Bernard Simon in Toronto

A HEATED row with strong political overtones is brewing over the future of Canada's two main airlines.

While Canadian Airlines International is seeking a foreign equity partner as a possible solution to its financial problems, its arch-rival Air Canada has launched a public campaign against increased foreign involvement in the airline industry.

Air Canada, also deep in the red, would prefer a merger of the two airlines. It has hired one of Canada's most highly regarded lobbyists to press its case in Ottawa. The carrier's chief executive, Mr. Ted Larkin, said yesterday that the airline industry would prefer a domestic merger to greater involvement by a US carrier in the industry.

Canadian Airlines is believed to be negotiating the sale of a 49 per cent interest to Dallas-based American Airlines. Such a deal would require a relaxation of foreign ownership rules, which restrict foreigners to a 25 per cent equity stake in any domestic airline.

The one point of agreement is that the two airlines will not survive in their present form. Mr. Larkin, president at Bunting-Warburg in Toronto, estimates Air Canada will suffer a \$30m (US\$45m) loss this year, while Canadian will lose about \$20m. Their combined 1991 loss is estimated at \$50m.

Officials of a deal between the Canadian carrier and a US airline are concerned that even a minority stake would give the much larger foreign carrier effective operational control over Canadian Airlines.

Air Canada would have little choice but to follow a similar route, thus marking the end of an independent Canadian airline industry. On the other hand, a merger would create a cumbersome domestic monopoly which might be forced to lay off thousands of workers.

## Reader's Digest in share offer

By Alan Friedman in New York

READER'S Digest, the New York based magazine publisher, said the two non-profit foundations that together control 86.5 per cent of the company's voting stock are planning to make a public offer of 4.5m of these shares, reducing their equity stake to 74.5 per cent.

A share listing is being sought on the New York Stock Exchange for the voting shares, known as class B. The pricing of the shares offers according to a Securities and Exchange Commission filing, will be in relation to the already traded class A non-voting stock. That would imply the share offer could raise more than \$200m for the two foundations.

The reason for the offer is that the foundations are required by US tax law to reduce their ownership of voting stock to a total of no more than 50 per cent by the year 2000.

Reader's Digest said that after the class B share offer to 5m shares of class A non-voting stock that is traded on Wall Street. These shares rose by \$1.4 to \$47 yesterday.

It also unveiled a 13 per cent increase in net profits for the second quarter to December 31 to \$22.5m. Revenues were 10 per cent higher at \$712.4m.

## AT&amp;T sheds jobs

AMERICAN Telephone & Telegraph and the US telecommunications and computer group, is to cut up to 2,000 managerial jobs, about 6 per cent of the total, in its division which makes telephone switching gear, writes Martin Dickson in New York.

The company attributed the move to the competitive pressures of the 1990s. It said the cuts would be made over the next few months and expected them to be covered out of operating expenses.

## FAI Insurances shows signs of recovery

By Bruce Jacques in Sydney

FAI Insurances, the Sydney-based general insurance group, remained in the red in the first half to December, but showed signs of recovery by its ill-fated 1990's investment hings.

The company reduced its net loss in the half to A\$17.2m (US\$12.2m) from A\$61.7m in the first half of 1990. The A\$61.7m loss from A\$49.4m. The dividend has again been passed, and Mr. Rodney Adler, chief executive, said yesterday there would be no payout until the group returned to profits.

FAI emerged last year as one

## Tenneco set back by poor performance of Case arm

By Martin Dickson in New York

TENNECO, the US conglomerate undergoing a significant restructuring, yesterday reported a fourth-quarter net loss of \$26m as its troubled 21 Case farm equipment business continued to operate heavily in the red.

Mr. Michael Walsh, the group's new chief executive, said the first quarter was likely to continue being difficult, due to lingering recession and because sales of farm and construction equipment were traditionally weak during the period.

However, for the year as a whole the chief executive expected significantly stronger results, because of the restructuring programme and new sources of revenue, which

include income generated by newly completed pipeline projects.

The fourth-quarter loss, which worked through at 24 cents a share, included \$5m of pre-tax provisions for claims and litigation. The quarterly deficit compared with income of \$15m, or \$1.02 a share, in the same period of 1990.

Revenues dipped from \$3.85m to \$3.64m.

For the full year Tenneco reported a net loss of \$732m, or \$6.09 a share, which included \$52m of restructuring charges, compared with net income of \$652m, or \$4.57, in 1990.

Case, which has been suffering from weak markets for its products and poor inventory control, had a \$22m operating

loss in the fourth quarter, against income of \$5m in the year-earlier period.

The division said that it expected its restructuring moves to improve results significantly in 1992.

Tenneco's pipeline operation had stable operating income of \$8m, compared with \$9m a year ago, but several of its other divisions also reported lower profits.

Mr. Walsh said the company had held its total debt to capital ratio, on an industrial basis, to 50 per cent at the year-end, compared with 69 per cent at the end of September, thanks to the restructuring plan. This was just the beginning of plans to improve its credit posture, he said.

The company warned last month that the clean-up charge would be taken in the fourth quarter, and yesterday its shares gained 1/4 to \$46 1/4.

It said profits before this extraordinary item increased from \$708.5m to \$787.3m, or revenues up from \$56m to \$7.55m.

In the fourth quarter, Waste Management recorded a profit improvement from \$195.6m to \$207.5m, again before the special charge.

Earnings per share for the year - which saw Waste Management acquire Wimpey Waste Management in the UK via a joint venture partnership with Wessco Water - fell from \$1.44 to \$1.23, with the special charge accounting for approximately 37 cents.

The company noted that Chemical Waste Management, its 70 per cent-owned subsidiary, had already reported lower fourth-quarter earnings and also saw remedial work slow down as clean-up projects were deferred until this year.

However, it added that Waste Management of North America, Wheelabrator Technologies, Waste Management International and The Brand Companies - all owned directly or indirectly by Waste Management - had improved results in the fourth quarter.

## Provision pulls Waste Management into the red

By Nikki Tait in New York

WASTE Management, the largest US waste disposal company, yesterday reported a fall in 1991 profits to \$606.8m from \$684.8m a year earlier.

However, the reduction comes after a special after-tax charge of \$151m - which represents the company's estimate of its share of future liabilities relating to the clean-up of old disposal sites under the Comprehensive Environmental Response, Liability and Compensation Act.

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## Imasco's earnings soar 60%

By Robert Gibbons

IMASCO, the financial services, fast-food, tobacco and retailing group, posted a sharp increase in profits in the final quarter of 1991.

It lifted net profits to C\$94.4m (US\$41.5m), or 74 cents a share, an advance of 60 per cent on the C\$58m, or 44 cents, recorded a year earlier. Revenues rose 2 per cent to C\$1.38m.

The company is 40 per cent controlled by BAT Industries, the UK-based tobacco group.

For the year, Imasco earned C\$366.6m, or \$2.55, up 12 per cent from C\$326.1m, or \$2.25, in 1990. Revenues were C\$5.4m, a rise of 4 per cent.

On a consolidated basis, tobacco products provided 45 per cent of operating earnings, financial services 37 per cent, retailing 13 per cent and fast food 5 per cent.

Imasco said the tobacco business had been strong in spite of a sharp increase in taxes. Share of the domestic cigarette market was up 2 per cent to 82 per cent.

In spite of bigger loss per provision, earnings at Imasco's Canada Tobacco arm, where a recent US acquisition made a contribution, were up 4 per cent to C\$205.5m.

The recession hit the US fast-food business, but Imasco hopes new leadership will reverse the downward trend in earnings.

## US Treasuries follow the lead of overseas markets

By Karen Zager in New York and Sara Webb in London

US TREASURIES again tracked the movements of overseas markets yesterday morning, moving slightly higher at the middle of the yield curve with slimmer gains at the long and short ends on unexceptional volume.

At midday, the Treasury's benchmark 30-year bond was 1/8 higher at 10 1/8, yielding 7.72 per cent while shorter-dated maturities were unchanged to 1/4 higher. Among intermediate issues, the 10-year note was quoted 1/4 higher for a yield of 7.14 per cent.

With Fed funds trading at 4 per cent, in line with the Federal Reserve's perceived target for the rate, the Fed refrained from operating in the open market for a second day.

Wednesday's Treasury refunding announcement helped calm a market which is focusing on today's employment data.

## GOVERNMENT BONDS

There was little reaction to yesterday morning's release of jobless claims for the week to 10,000 to 450,000.

UK government bonds ended mixed with short-dated issues almost unchanged on the day while longer-dated issues weakened slightly.

The benchmark 11 1/2 per cent gilt due 2005/07 fell from 115 1/2 to 116 1/2. The Life gilt future contract traded down from 97.25 to 97.28 on average volumes.

There is some speculation in the market that the Bank of England may announce further tap issues today or early next week following the success of the three tap issues which it sold on Wednesday.

GERMAN government bond prices rose, helped by a combination of strong buying interest from traders and the US Treasury bond market lead in the afternoon.

Traders said the Life bond futures contract, which opened at \$7.90, traded up to \$8.04 by late afternoon, breaking through an important resistance level. The higher prices helped to attract new buyers into the market, said one trader.

Dealers said the main switch trades yesterday were out of the Dutch government bond market into French

## BENCHMARK GOVERNMENT BONDS

Country	Issue	Yield	Price	Change	Yield	Price	Change
AUSTRALIA	10.000 10/02	86.5812	+0.728	10.22	10.31	0.25	
BELGIUM	9.000 06/01	101.8000	-	8.98	8.80	0.14	
CANADA	8.000 04/02	101.8000	+0.080	8.08	8.21	0.25	
DENMARK	8.000 11/00	102.5200	-0.080	8.57	8.40	0.17	
FRANCE	8.500 03/97	96.1800	+0.180	8.68	8.80	0.12	
FRANCE	8.000 11/02	100.2500	+0.080	8.45	8.54	0.09	
GERMANY	8.000 01/02	102.7200	+0.150	7.90	7.88	0.02	
ITALY	12.000 02/02	96.3200	-0.130	12.30	12.22	0.08	
JAPAN	No 110	4.800 05/00	95.1200	+0.250	5.74	5.80	0.04
JAPAN	No 120	6.400 03/00	106.6100	+0.444	5.40	5.37	0.03
NETHERLANDS	8.250 02/02	98.3600	+0.090	8.35	8.30	0.05	
SPAIN	11.000 01/02	102.4500	-0.080	10.57	10.51	0.06	
UK GILTS	10.000 11/98	96.30	+0.02	9.48	9.54	0.06	
UK GILTS	9.750 06/02	102.25	+0.02	9.23	9.21	0.02	
UK GILTS	9.000 10/05	99.30	-0.02	9.12	9.10	0.02	
US TREASURY	7.000 11/01	102.15	+0.02	7.14	7.25	0.10	
US TREASURY	8.000 11/01	102.06	+0.02	7.72	7.75	0.03	

London closing, "denotes New York morning session. \* denotes London market. Source: Reuters. Prices in US dollars. Yields in percent. All prices are for 100 face value of bonds.

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Traders said the Life bond futures contract, which opened at \$7.90, traded up to \$8.04 by late afternoon, breaking through an important resistance level. The higher prices helped to attract new buyers into the market, said one trader.

Dealers said the main switch trades yesterday were out of the Dutch government bond market into French

government bonds, and out of the Danish and German markets into Sweden.

SHORT-covering helped to push up Japanese government bond prices, which ended higher yesterday after a volatile trading session.

The market opened on a firm note helped by the strength of the US Treasury bond market following Wednesday's favourable announcement on the US Treasury refunding.

However, early gains were wiped out after the Bank of Japan governor said that conditions for well-balanced, sustainable growth in Japan could be in place by June.

The yield on the benchmark No 125 JGB opened at 5.65 per cent and traded in a range of 5.585-5.52 per cent before closing at 5.395 per cent.

## Forte may seek £85m refinancing

By Christopher Price and Tracy Corrigan

FORTE, the UK leisure group, may have to find \$50m to refinance a maturing Eurobond issue with warrants exercisable into Forte shares.

Mr. Donald Main, Forte's finance director, said the group would finance the redemption from existing facilities, but plans to return to the bond markets after the general election.

The need to refinance has arisen as a result of the company's weak share price. Forte's share price is currently languishing 3p below the warrants' exercise price of 226p.

Unless the share price rallies quickly, the warrants will expire worthless. If exercised, the warrants would provide Forte with ample funds - £85m - to redeem the bonds.

The £85m issue of 10 1/2 per cent bonds launched in February 1987, matures next month. The warrants expire on March 10, but investors normally have to advise the relevant clearing houses, Euroclear and Cede, about a week in advance if they intend to exercise the warrants into shares.

Forte is considering raising around £150m through an issue of seven-year bonds, according to Mr. Main. The company has not yet decided on a currency sector, which will depend on market conditions at the time of the issue.

Forte is also looking at hotel acquisitions in Europe and would consider a rights issue to fund such acquisitions.

The company's current gearing is 44 per cent, with the company forecasting a slight increase to 51.3m by the year-end.

## US stores turn in better sales

By Nikki Tait

SHARES in retail stocks moved broadly higher yesterday after a number of leading US companies reported relatively healthy same-store sales growth during January.

At Kmart, for example, January's same-store sales growth reached 6.2 per cent, compared with 2.9 per cent for the past three-month period.

Mr. Joseph Antonini, chairman of the general merchandise stores group, said that sales had been "quite strong in January", and that low pricing had bolstered sales of fashion lines.

J.C. Penney, the Dallas-based department stores group, saw sales on the comparable sales basis rise by 1.3 per cent.

Mr. William Howell, chair-

man, commented that performance had been good across the board, but with the men's and women's divisions leading the way.

Wal-Mart Stores, the fast-expanding discount retailer, saw same-store sales rise by 13 per cent, while its Sam's Wholesale Clubs division saw 8 per cent growth.

The Gap, the highly successful fashion retailer, reported a 14 per cent advance in same-store sales for the month, compared with a 6 per cent gain in the same month a year ago.

At Woolworth, domestic same-store sales growth reached 6 per cent.

However, Mr. Harold Selis, Woolworth's chairman, sounded a note of caution:

"January sales increases reflected higher-than-anticipated promotional activity and clearance mark down in North American general merchandise operations, which were necessary to bring inventories into line."

"We remain cautious in our appraisal of world economic conditions going forward," he said.

Nevertheless, the New York stock market nudged up the share prices in most of the US retail companies in yesterday's early trading.

Woolworth rose 5/8 to \$30, same-store sales growth reached 6 per cent.

However, Mr. Harold Selis, Woolworth's chairman, sounded a note of caution:

## Textron shows 5.8% advance

By Nikki Tait

TEXTRON, the US aerospace and insurance conglomerate, which last month acquired Cessna Aircraft for \$600m, yesterday announced a 5.8 per cent increase in 1991 after-tax profits to \$29.5m.

Higher earnings from the group's financial services side offset a reduction from the commercial products division.

Earnings per share rose to \$3.42 from \$3.18 a year earlier. The modest income improvement is scored on slightly lower total sales of \$7.64m

against \$7.92m in 1990.

In the fourth quarter alone, net profits improved from \$7.1m to \$8.3m.

Textron acknowledged that its commercial products operations had suffered a recession-related decline in sales in the first six months of the year. These businesses range from automotive parts to industrial fasteners.

Overall, operating profits from this division fell from \$16.5m to \$13.7m during the year, while sales slipped

from \$1.83m to \$1.77m.

Profits from aerospace operations were flat for the year at \$35.5m, compared with \$35.1m, but within this division Bell Helicopter advanced to \$12.1m from \$9.8m.

Higher earnings came from the financial services operations, which turned in \$22.7m at the operating level, against \$20.1m.

Total operating income reached \$79.7m, compared with \$78.8m. Interest charges eased from \$25.9m to \$23.4m.

## MacMillan Bloedel posts record loss of C\$93.4m

By Bernard Simon in Toronto

MACMILLAN Bloedel (Macblo), the Canadian west coast forestry group, has warned that further belt-tightening measures will be needed following a record loss last year.

The Vancouver-based company suffered a loss of C\$93.4m (US\$62m), or 93 cents a share, in 1991 compared with 1990 earnings of C\$50.8m, or 57 cents. Sales dropped to C\$2.73m from C\$3.8m.

Prices for all key products, except lumber, fell last year. Earnings were also hit by the strong Canadian dollar.

The group's pulp mills operated at 76 per cent of capacity and newsprint mills at 72 per cent.

The loss from the group's North American operations was substantially higher than the bottom-line figure. Konink-

lijke Nederlandse Papierfabriek, the Dutch paper and paperboard maker in which Macmillan Bloedel has a 30 per cent stake, contributed C\$47.5m to net equity earnings. Net equity earnings from all of the group's affiliates totalled C\$97.7m.

Mr. Bob Findlay, the group's chief executive, said that the Canadian industry and Macblo have never had a tougher year.

He warned that the company "still faces complex problems in the next few years, the most serious of which is that the Canadian industry is no longer competitive with the US. We must face that fact and deal with it quickly."

Macblo has already announced the closure of one newsprint machine on Vancouver Island.

## Mitel cuts deficit in third quarter

By Robert Gibbons in Montreal

MITEL, the Canadian telecommunications switching equipment maker 51 per cent owned by British Telecom, reduced losses in the third quarter of fiscal 1992, but the recession continues to delay full recovery.

The loss for the third quarter to December 27 was C\$4.4m (US\$3.75m), or 6 cents a share after preferred dividends, on sales of C\$97.1m. This compares with a loss of C\$6.9m or 9 cents and on sales of C\$107m for the same period in 1990.

Sales are expected to improve in the final quarter.

The nine months' loss was C\$13.7m or 17 cents on sales of C\$287.1m, against C\$15.1m, or 20 cents, on sales of C\$289.4m last time.

## Anglo-Alpha beats forecast

By Philip Gawth in Johannesburg

ANGLO-ALPHA, one of South Africa's three leading cement producers, did better than forecast to record a 3.6 per cent fall in earnings in the year to December.

Turnover was 44 per cent up at R12.2m (US\$2.2m), reflecting a fall in sales volumes of 10 per cent on average across the group. Net operating income was 19.1 per cent lower at R186.5m. The operating margin dropped to an all-time low for the group of 18.6 per cent from 24.1 per cent in 1990. The performance was better than the 5

per cent decline in earnings forecast at the halfway mark.

The fall in operating income resulted from maintenance costs at the cement division's Duthfield operation and a substantial one-off rise in electricity costs at the stone division.

Net income attributable to shareholders dropped to R88m from R60.2m. The overall dividend was lifted by 15.2 per cent to 152 cents per share, in line with group policy of declaring dividends at least in line with inflation.

## Trans-Natal up 3% at halfway

By Philip Gawth

TRANS-NATAL, the coal producer in the Gencor group of South Africa, posted operating income by 3 per cent to R108.4m (US\$20.5m) in the first half to December following increased export volumes and reduced costs.

## INTERNATIONAL CAPITAL MARKETS

## EC to raise Ecu490m to fund E European loans

By Richard Waters and Simon London

THE European Community is planning to raise Ecu490m in the international bond market, probably next week, to fund a series of loans to eastern European countries.

Mr Antoine Bloch, director of the Commission's funding arm, said in Luxembourg yesterday that the money will be on-lent to cover balance of payments deficits in several countries.

The bond issues will be fully fungible (interchangeable) with an outstanding Ecu250m six-year issue made in December. This fits in with the EC's policy of adding to existing debt wherever possible to create large liquid issues.

The Ecu490m is needed to fund loans agreed in recent weeks, Mr Bloch said. These

include a Ecu150m credit for Romania, agreed in mid-January, and second tranches of loans already made to Czechoslovakia, Hungary and other EC states. The EC's credits and investments division is forbidden under EC treaties from raising money until loan agreements are actually signed.

However, the EC is not ready to advance the second tranche of a Ecu490m loan agreed with Algeria last year, Mr Bloch said. The first tranche was funded by a Ecu250m bond issue in December.

The balance of the loan will only be disbursed to Algeria if a refinancing agreement is reached between the country and its commercial bank creditors. The deadline for the Ecu150m refinancing package,

lead managed by Crédit Lyonnais, has been extended and now expires on February 14.

The EC expects to increase its Ecu borrowing substantially this year. Last year it raised around Ecu2bn to fund balance of payments loans, rising to Ecu2.5bn this year.

Around Ecu2bn of this will be raised in public bond markets, Mr Bloch said. The remaining Ecu1.5bn, to fund food purchases by former Soviet republics, will be met by bank borrowings, he said.

In addition, the EC expects to increase its lending under the European Coal and Steel Community to Ecu1.9bn, up from Ecu1.4bn last year and Ecu1bn in 1990. Much of this will be financed in the international bond market.

## Dealers grit their teeth at lack of progress

Haig Simonian reports on the difficulties dogging Italy's new bond trading system

Teething troubles with the new government bond trading system introduced last month in Italy have left traders fuming. Combined with uncertainties about the impact of legal changes under the country's new securities law, hard-won progress could be at risk.

Sluggish price reporting and slow response times are just two of the complaints levelled at the new system, run by Societa Interbancaria per l'Automazione (SIA), the bank-owned company which already operates Italy's computerised money markets.

The new network replaced a Reuters system which underpinned Italy's screen-based primary dealers system. The new system, heralded as more flexible and faster than its predecessor, was seen as a further important step in the continuing modernisation of the bond market.

SIA promised many additional features, especially the extra capacity to include the primary dealers and far more bonds. Capacity limitations for the booming bond market had been one of the biggest complaints.

However, the new network, linking the 24 primary dealers with a select number of government bonds, has been dogged by technical problems. Although the number of breakdowns has fallen, price updating remains slow, especially when volume surges.

Dealers in Milan are now cautiously optimistic that the bugs are being overcome. "When it works, it's far superior to what we had before," says one. But even after all the problems are resolved, the changeover has fuelled growing complaints among dealers outside Italy about unfair competition in securities trading.

The problems with the new network mean traders in London, who should receive up-to-the-minute prices via a data link from SIA to other international data sources, have found themselves confronted with prices which have been up to three hours out of date.

"We keep open times with brokers in Milan but it's proved a terrible handicap," says one dealer. The result has been that foreign demand for Italian bonds has cooled, while arbitrage based on price differentials between the cash and futures markets has dried up.

But it's not all bad news. In London, has dried up altogether. Innovative instruments have been the foundations to the growth of the Italian bond market in the past two years.

The increased demand, particularly from abroad, has allowed the government to extend the maturity of its debt, and, indirectly, lower borrowing costs.

So the latest setbacks have rekindled fears that turnover may now decline as outsiders lose interest in the Italian paper. "Italy can't afford a situation in which international investors return to the old pre-conceptions," says one London-based trader.

Some non-Italian dealers even see the new dealing system as part of an ill-conceived campaign to handicap non-Italian banks compared with their

domestic rivals. "Why couldn't they have run the two systems in parallel to sort out any problems?" asks one. "It's clearly one of a number of political decisions aimed at bringing the market back to Italy."

Such accusations have struck a chord among foreign investment banks currently fighting Italy's new securities trading laws, which threaten to put them at a severe disadvantage compared with domestic counterparts.

The problem has been the law mandating the Societa di Intermediazione Mobiliare (Sim), Italy's new breed of securities brokers and fund management institution. As matters stand, it obliges companies trading in Italian securities with certain types of Italian counterparties to establish a local Sim.

The new rules, which took effect last month, remain unclear in many respects and the requirement to set up a Sim is not being rigorously enforced. But many foreign houses, especially those which have been concentrating their trading activities in London, have complained bitterly.

Together, the technical bugs and doubts about the Sims law have dampened turnover on the bond market this year. Although volume on the primary dealers system exceeded L.400bn (\$6.5bn) on Monday — high by local standards — some dealers say trading would have been much greater but for foreigners' caution.

"The official turnover figures don't include international investors outside the dealers' system. They are the ones staying away," one trader said.

The clouds over the market have obscured continuing progress on other fronts. Last month, the government announced the abolition of withholding tax on interest deposits. Although the step has little direct effect on bonds, the move should create greater liquidity in the banking system in general and consequently increase domestic demand for government paper.

The government has also stuck to its commitment, made last April, to repay billions of lire in withholding tax due to eligible foreign investors in Italian bonds. Repayments have been moving smoothly since starting last September. The finance ministry has shown that funds are available, says Mr Hendrik

## BankAmerica awakens sector

By Tracy Corrigan

A \$200m issue of floating-rate notes for BankAmerica marked the reopening of a dormant sector yesterday. The floating-rate note market led activity in the Eurobond market during the early 1990s. But in 1986, the perpetual FRN market crashed,

yesterday reflects the improvement in credit performance of some areas of the US banking industry. US banks have been returning to their domestic fixed-rate bond market, which BankAmerica itself tapped last week.

The notes were considered fairly priced at a discounted margin of 50 basis points above the London interbank offered rate, according to lead manager Kidder Peabody.

The deal will also provide a fillip for the secondary market, where bank FRNs are still traded, though spreads between bid and offer prices have widened, and the number of market makers has shrunk.

In the Euro sector, Österreichische Kontrollbank added Ecu50m to an outstanding Ecu150m of three-year bonds, via Paribas.

Salomon Brothers was joint lead and Bear Stearns was co-lead manager of Swiss Bank Corporation's Italy strip transaction earlier this week.

burying the perpetual market, and reducing the flow of other bank floating-rate notes to a mere trickle.

The last FRN for a US bank holding company, once a leading sector of the market, was a Mellon Bank deal in 1989.

The reopening of the market

reflects the improvement in credit performance of some areas of the US banking industry. US banks have been returning to their domestic fixed-rate bond market, which BankAmerica itself tapped last week.

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## INTERNATIONAL BONDS

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## OSE clamps down on derivatives

By Eniko Terszono in Tokyo

NEW measures to dilute the impact of trading in Nikkei 225 stock futures and options on the cash stock market were implemented yesterday by the Osaka Securities Exchange, the second largest stock exchange in Japan.

Derivatives trading on the OSE has been blamed for the volatility in the cash market. Alarmed authorities, especially those at the Tokyo Stock Exchange, which has seen trading commissions plunge due to low volumes, have been

pushing for controls on derivatives trading.

The move comes at a time when tensions between the OSE and the TSE are mounting. Trading in the Osaka-based Nikkei 225 futures index rose 2.7 times last year, and accounted for 58.2 per cent of the OSE's total revenue.

At the same time, revenue at the TSE plunged as small investors have become intimidated by the price fluctuations claimed to be created by futures-linked arbitrage.

Traders said the OSE's move would not affect derivatives trading drastically.

The closing time of futures and options trading is being shortened by 10 minutes, to match the close in stock trading, in response to criticism that speculative futures trading after the stock market closed often affected prices on the following day.

New Japan Securities, a second Japanese broker, said it would close four domestic branches at the end of March.

## BCP to seek Es50bn

BANCO Comercial Portugues (BCP), one of Portugal's top three commercial banks, is planning to raise around Es50bn (\$570m) on the international markets and domestically to build up its international position and shareholding base, writes Patrick Hume in Lisbon.

The plan, which will be presented for approval at the bank's annual shareholders' meeting in March, envisages the launch of an international bond issue on the Eurobonds for up to Es50bn, part of which will be in convertible Ecus,

and the launch of a separate issue of 7.5m American depositary receipts representing BCP shares, and specifically aimed at US investors.

The third component of the plan involves a capital increase with incorporation of reserves and a rights issue. The bank's capital is to be increased by Es10bn through the incorporation of reserves, and by attributing one free bonus share for every six currently held by shareholders and through a 6.6m shares rights issue on the basis of one new share for every 10 held. The

NEW INTERNATIONAL BOND ISSUES									
Borrower	Amount m.	Coupon %	Price	Maturity	Face	Book runner			
US DOLLARS									
BankAmerica (Bt)	200	(b)	98.45	1997	1 3/4	Kidder Peabody			
Bk of Tokyo (Cacao) (Ct)	100	(c)	100.10	2002	1/2	Bk of Tokyo Cap.Mkts.			
ECUs									
Österreichische K'tbank (Ct)	50	9	101.225	1994	1 1/2	Paribas Capital Markets			
D-MARKS									
Dahwa Dandchi (A)	150	4 1/2	100	1998	2 1/2	WestLB			
Eidenschaft (A)	50	4 1/2	100	1998	2 1/2	WestLB			
Kimilawala (A)	50	4 1/2	100	1998	2 1/2	Dahwa Europe GmbH			
SWISS FRANCES									
BP America Inc. (A) (A*)	150	8 1/2	102	2002	2	SBC			

\*A-Private placement. C-Convertible. W-With equity warrants. Floating rate note. F-First term. A-Non-callable. B-Coupon pays 37.5p over 3-month Libor. Non-callable. C-Callable, once only, on 10/15/92 at par. Management & Underwriting fee 1.00p. Coupon pays 80p over 6-month Libor for first 5 years, then fixed at 8.15% thereafter. C-Fungible with existing Ecu150m deal. Non-callable.

## LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY									
British Funds	Rise	Fall	Same						
Other Financial Interests	18	31	31						
Commercial Industrial	24	32	950						
Financial & Property	96	137	568						
Oil & Gas	12	29	50						
Plantations	21	51	78						
Others	26	66	29						
Totals	378	643	1,718						

LONDON RECENT ISSUES									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

FIXED INTEREST STOCKS									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

RIGHTS OFFERS									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

AVERAGE GROSS REDEMPTION YIELDS									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

TRADITIONAL OPTIONS									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

TRADITIONAL OPTION 3-month call rates									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

TRADITIONAL OPTION 3-month call rates									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

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Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
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100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

TRADITIONAL OPTION 3-month call rates									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

TRADITIONAL OPTION 3-month call rates									
Issue	Amount	Price	Yield	Term	Stock	Rating	For	Net	Time
100 F.F.	100	100.00	10.00	10/10/92	BTM Warrants 1992/93	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92
100 F.F.	100	100.00	10.00	10/10/92	Capital Industries Inc.	A+	100	100	10/10/92

TRADITIONAL OPTION 3-month call rates	
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## UK COMPANY NEWS

## Conroy steams into lead-zinc minefield

**MR RICHARD** Conroy, the man in the middle of an unprecedented Irish corporate saga, is a man of many achievements.

He has proved his worth as an academic, politician and entrepreneur. But the odds seem very much against him retaining his chairmanship of Conroy Petroleum & Natural Resources, a company he founded and which is now under siege by its two biggest shareholders.

Outraged by what they suggest is his autocratic style and an unnecessary acquisition, Outokumpu, the state-owned Finnish mining and industrial group, and Dunne Bancorp, a company which sprang from the recent reorganisation of Canada's Corona natural resources company, want to replace the entire Conroy board.

A special meeting to vote on their proposals will take place on Saturday in Dublin and such is the passionate interest roused, it seems certain that there will be no room for compromise.

If the sound and fury is about something as unsexy as a lead-zinc mine, it is very significant in the context of Ireland's natural resources. It is also of intense interest to Outokumpu, which already owns Tara, Ireland's biggest lead-zinc mine, and has been scouring the world for more raw material to feed its smelters in Finland.

Outokumpu suggests that Conroy is taking far too long to get Galmoy into production - six years after its discovery, planning permission is apparently still months away. It also insists that the recent £7.7m takeover by Conroy of Atlantic Resources, the natural resources vehicle of the ubiquitous Mr Tony O'Reilly, was not

**Kenneth Gooding** on the upcoming tussle for power on the board of the Irish natural resources group

only at too high a price but was also a diversion from Conroy's primary objective: getting metal out of Galmoy.

"The irate shareholders say the only apparent reason for the Atlantic deal was to dilute their stakes in Conroy."

Mr Conroy counters by producing figures to show that Atlantic's assets were worth every penny paid and he says that a cash injection for Conroy from Mr O'Reilly personally, which came at the time of the deal, was also useful and well-timed.

While it might seem extraordinary that Mr Conroy did not discuss the Atlantic deal beforehand with Outokumpu, then a 27.6 per cent shareholder, the fact is that he and the Firms have been at loggerheads for some time.

Two Outokumpu representatives on the board quit last year after one of them, Mr Graham MacCall, made some public comments about the Conroy share price which upset Mr Conroy.

Mr Conroy, say his detractors, is impossible to work with. However, that is not immediately apparent from his mild and courteous demeanour. His background certainly equips him to deal with practically anything the world can throw at him.

After winning first place in examinations at the Royal College of Surgeons in Dublin in 1956 he started a successful academic career at Manchester University where he lectured for a number of years.

While in Manchester he experienced the first entrepreneurial stirrings when he saw the need for a medical emergency dispensing (locum) service. With his brother, Desmond, also a medical doctor, he set up a service up and it



Richard Conroy: confident about the special meeting

still covers nearly 3m people in the greater Manchester area. In 1970, at the age of 36, he returned to his alma mater when he was appointed professor of Physiology at the Royal College, a post he still holds.

He became one of the foremost authorities on circadian rhythms or the "body clock" and became an expert on "jet lag". His meetings with senior executives about this gave him a different perspective on business, he says. So did his more recent work on the physiological aspects of decision-making.

He became a Fianna Fail senator in the Irish Parliament, was government spokesman on foreign affairs, and is said to be a good friend of Mr Charles Haughey.

After leading a delegation to the Middle East in 1973 after the first oil crisis, he decided with his brother to set up natural resources company, Trans International Oil, in Ireland to search for oil offshore.

In 1980 the brothers formed Conroy, also to develop Ireland's petroleum and mineral resources. It was just another junior exploration company until 1986 when the Galmoy deposit was discovered with its potential to produce perhaps 70,000 tonnes of zinc a year.

Outokumpu's arrival on the scene was at first hailed as a leading mining and metals processing group, Outokumpu gave the Galmoy project increased credibility. It was also widely anticipated that the Firms would eventually take over Conroy.

Now Mr Conroy complains that Outokumpu and Dunne hope, by replacing the board, to take over the company without paying other shareholders for the privilege.

Motions are now running high, particularly as it is possible to put different interpretations on the same set of facts. For example, Outokumpu says that since 1987 it has made cumulative profits of about \$50m from the Tara mine. None of this has been repatriated to Ireland but has been ploughed back into a range of Irish ventures, including Tara, Conroy and on a 24.5 per cent stake in Ivernia West, another company with a juicy-looking lead-zinc deposit not far from Galmoy.

Outokumpu says this is evidence of its commitment to Ireland. It criticises say this is evidence of the nationalisation of Ireland's mining industry, not by the Irish but by the Finnish government.

Mr Conroy says he is confident about the outcome of the special meeting. Holding it on Saturday should ensure that nearly every shareholder who wants to attend will be there. But his board controls less than 15 per cent of Conroy whereas, even after the Atlantic deal, his opponents speak for 49 per cent. And the directors can be dismissed by a straight majority vote.

## AmBrit Intl suffers 26% downturn to £127,000

PRE-TAX profits at AmBrit International, the USM-quoted independent oil and gas company which has recommended a £7.3m offer from United Energy, fell 26 per cent to £127,000 in the year to December 31.

The company said that the figure last time had benefited from higher oil prices at the time of the Gulf war.

However, the company fell into losses of £288,000 (profits

£184,000) for the year after extraordinary charges of £490,000 which related to the costs of the defence against Pithener's hostile bid and of the offer from United.

Turnover rose to £2.64m (£2.53m) and operating profits fell to £187,000 (£237,000). Earnings emerged at 0.19p (0.25p) per share.

Cashflow from operations increased to £1.24m (£1.05m). Gearing fell from 36 per cent to 22 per cent.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Lance & London	1.9	Apr 8	1.9	2.8	2.8
P&P	31	May 9	3	4.93	4.25

Dividends shown pence per share net except where otherwise stated. 10c capital increased by rights and/or acquisition issues.

## A business with its sights set on gaining new heights

Andrew Baxter charts the growth of Simon Engineering's powered access division

FOR the superstitious, ladders are best circumnavigated. For John Barker, head of the world's largest producer of powered access equipment, they mean competition - along with scaffolding.

Over the past 18 years Mr Barker, managing director of Simon Access, has built up what is now a division of Stockport-based Simon Engineering from virtually nothing to a £150m business. But unlike his products, some of which can soar 200ft in the air, he is keeping his feet firmly on the ground.

In its headquarters building on the edge of a rambling Gloucester industrial estate, Simon Access keeps a database on more than 350 competitors in the world powered access industry, and on all its markets by geography and product sector. "If you asked me for a prediction on the utility sector in Peru in 1994, I could give you one," he says.

The meticulous research allows Mr Barker to make a prediction which might look odd to observers of an industry that has been badly hit by the recession - especially in the US and UK construction markets.

A world market worth just £1.2m in 1990 could grow to £1.7m by 1995, he says, and Simon plans to raise its share from 15 per cent to between 20 and 25 per cent.

"It's not pie in the sky," Mr Barker insists. Instead, he says, it will require capitalising fully on a 15-year global acquisition and development strategy that has turned the Access division into

Simon's second largest behind process engineering, and an increasingly important part of the company as a whole.

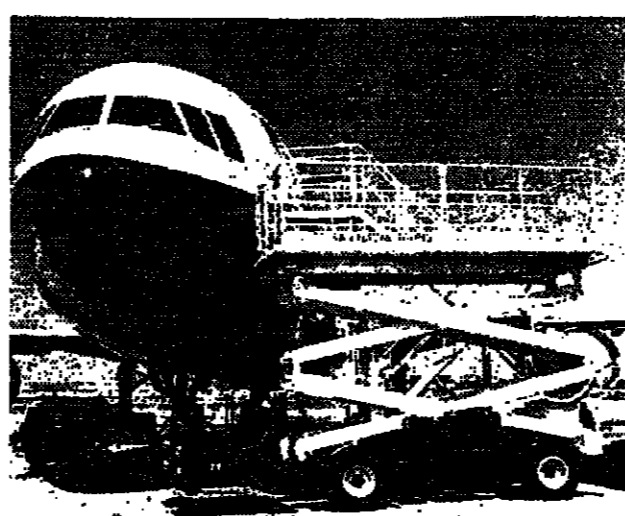
The development of Simon Access has coincided with the growth of industry producing hundreds of assorted products ranging from simple powered platforms for industrial use to self-propelled scissor units and five units for rescuing people trapped in blazing buildings.

Apart from Simon Access, major players are US-based or Japanese, but can be counted on one hand. Behind them comes a second division of strong regional or national producers, and then hundreds of niche players. All serving markets with very different characteristics and business cycles, and customers with contrasting preferences and traditions.

In the US, for example, utilities prefer to work on live wires, whereas the current is normally turned off in Europe, leading to totally different design priorities.

Mr Barker has therefore had to steer a steady course between recognising the necessity of staying close to his diverse customer base while deriving manufacturing, product and engineering synergies from a dozen acquisitions and internal expansion.

The original Simon powered access company, Simon-Dudley, had suffered badly in the early 1970s with fixed-price contracts in an era of 20 per cent inflation, but was also based exclusively on truck-mounted platforms. Mr Barker



Growth strategy "not pie in the sky", insists John Barker

determined to develop powered access as a global market, filling in geographic and product gaps - preferably simultaneously, and by buying market leaders.

A key move came in 1978 with the purchase of a Milwaukee-based company now called Simon Aerials, which had developed a range of self-propelled platforms. Three years later, Mr Barker bought Gela, a Bedford-based company with a complementary range of self-propelled machines, to

maintain its position at the lower end of the market.

The biggest acquisition came in 1988 with the purchase of Telelect, a leading US manufacturer of scissor lifts, telescopic aerials and cranes. Simon paid an initial \$33.6m, plus at least \$7.2m based on Telelect profits over the next three years.

By this time however, Mr Barker was thinking of two important markets he had "put to one side" because of earlier difficulties establishing a presence - Germany and Japan.

In Germany, Mr Barker set up a new company in 1987 after previous acquisition attempts failed. Reunification and the subsequent upturn in construction activity produced "a real

success story" last year, he says.

But until 1989 the most important gap was Japan, which accounts for 25 per cent of the world market. Ten years ago Mr Barker tried unsuccessfully to buy the market leader, Aichi Sharp, but now has a joint venture with Tomoe, one of the big Japanese trading houses.

While Aichi and Simon pursue a ding-dong battle in Asia, in Japan the UK company is attacking the newer markets for scissor and self-propelled boom units rather than Aichi's stranglehold on the truck-mounted sector.

With the Japanese joint venture, Simon Access has all but completed its global acquisition programme. "We've dealt ourselves a hand, now we've got to play it skilfully," says Mr Barker.

But can it match an internal projection which would imply lifting sales to about £340m in 1995 after a tough year in 1991?

In its favour is its increasing emphasis on product sectors, such as the utilities business, which are less sensitive to recession. The business just about broke even in the 1989/91 recession, and says Mr Barker, "the whole plan nearly came unstuck."

Mr Barker hopes Simon Access will be able to take the downturn on the chin, but this time round, profits are down sharply.

Mr Tim Bennett of Albert E Sharp, the Birmingham broker, forecasts profits of £7m for 1991, down from £11.5m in 1990

- a figure which he has recalculated to reflect property profits made by Simon as a whole.

Mr Bennett forecasts £3m for this year, which he hopes might prove conservative. There is real recovery potential, he says, at Simon Aerials in Milwaukee, and the possibility that some of the smaller-pocketed US players in the US might withdraw.

The real test for Mr Barker and Simon Access in the 1990s will be its ability to move equipment into new markets, and make the most of synergies that are not available to its competitors. Sourcing from the UK and US to sell into continental Europe or Japan will keep Simon busy, says Mr Bennett.

Mr Barker believes that some of the cross-fertilisation he has developed over the past decade is beginning to acquire its own momentum, without smothering the small-company innovation enshrined in the division's federal structure.

There is, though, a nagging problem for Simon Access that does not affect niche players nearly so much - global differences in standards and specifications. Conversely, once common standards are introduced - and progress has already been achieved - an increased emphasis on safety and technology makes it harder for the smaller companies to compete.

On Monday, Simon Access announced an order worth more than £1m to supply a cross-section of 23 machines built in the UK, Ireland and the US to Hertz Equipment Rental in Spain. Mr Barker will need plenty more orders like that to meet his targets.

## Benson financing for acquisitions

By Angus Foster

BENSON GROUP, the engineering company, plans to strengthen its components and heating businesses with two acquisitions worth a total of £5.8m.

The group will finance the purchases by raising £5.8m after expenses through a placing of 5.8m new shares and an open offer.

Noble Grossart, the merchant bank, will place the new shares at 13p. Existing shareholders will be offered three new shares for every four held.

Mr Richard Phillips, who

took over as executive chairman in 1990 and has since returned the company to profitability through disposals and reduced borrowings, said the purchases fitted with the group's existing businesses and its plans for Europe.

Benson will pay £4.2m for three West Midlands-based engineering businesses owned by Thoma Holdings. It will also pay £2.42m for Pakaway Perry-matics, a manufacturer of heaters and boilers based near Brighton.

The group also announced

sharply increased pre-tax profits of £225,000 for the six months to end-November, compared to £35,000 in the same period a year earlier. Earnings per share emerged at 0.39p (0.07p). The company intends to pay a final dividend of not less than 0.1p for the current year to end-May, the first distribution since January 1990.

The improved results reflected better margins and a lower interest charge. Following a £2.2m rights issue last July, it has paid off all bank borrowings.

## SelectTV shows sharp advance at £178,000

By David Barchard

SELECTTV, the USM-quoted independent producer of television programmes, doubled pre-tax profits from £85,000 to £178,000 in the six months to September 30.

Mr Michael Buckley, chairman, said the most significant factor was the award to Meridian Broadcasting, of which the company was a founder member, of the Channel 3 franchise for south and south-east England.

However, SelectTV limited its investment to 15 per cent in order to retain independent producer status for the BBC.

The company will be the sole supplier of comedy and comedy/drama programmes for the Meridian franchise which will lead to more programmes being produced for the ITV network, Mr Buckley said.

Turnover rose to £5.43m (£4.26m), with operating profit working through at £173,000 (£87,000). Earnings per share came to 0.16p (0.13p).

## Asil Nadir fails to get civil action suspended

By David Barchard

MR ASIL Nadir, former chairman of Polly Peck International, the fresh fruit and electronics conglomerate which went into administration in October 1991, yesterday failed in the High Court to get a £378m civil action suspended while he faces criminal charges.

The action was launched in October against Mr Nadir and six other defendants by Mr Christopher Morris, of Touche Ross, one of Polly Peck's three administrators.

Mr Justice Knox rejected the claim that Mr Nadir might risk prejudicing his defence in the criminal action by giving evidence in the civil case, but he ordered that future hearings in which Mr Nadir is involved should be heard in camera until the criminal case comes to trial. He also asked for the plaintiff of the civil action to give undertakings for Mr Nadir's protection.

The civil case is unlikely to come to trial before the criminal action is heard in the Crown Court, at a date expected to be after January of next year, Mr Justice Knox said.

The plaintiff may not divulge information received in evidence from Mr Nadir to third parties, though it can be passed to the other Polly Peck administrators. Mr Michael Jordan, of Cork Gully, and Mr Richard Stone, of Coopers & Lybrand Deloitte - provided they respect its confidentiality.

Meanwhile, it has emerged that Mr Nadir recently lost his home at Alford Street in the West End of London because of the bankruptcy action against him and has moved to a relative's home.

He is due to appear at Bow Street Magistrates' court on Tuesday on 72 theft charges and four of false accounting, involving £150m of company funds, when it is expected that arrangements to transfer his case to the crown court will be announced.

Mr Nadir also faces proceedings in the High Court on February 24 from his personal creditors.

They are seeking to have him committed to prison for contempt of court by breaking his undertakings to them.

## Administrative receivers in at Forwell

By Ivor Duce

RECEIVERS HAVE been appointed to Forwell Group, the USM-quoted design and technical services company.

Lloyds Bank has appointed Mr Timothy Harris and Mr Christopher Hughes of Cork Gully as administrative receivers to Forwell Design and Contracts and Farnale Contracts.

Forwell had a short career on the USM. It came to that market via a placing at 62p per

share in July 1989 which valued the company at £9.15m. The shares were suspended at 3p on January 31.

In 1988 the group made a pre-tax profit of more than £1m but the following year was forced to pass its final dividend after losses of £1.03m.

In the six months to June 30 1991 the group returned to the black and bank borrowings were reduced by more than

£1.5m: at the 1991 year-end bank indebtedness was about £1.4m.

Mr Michael Wheller, chairman and chief executive, said he hoped to put out a statement shortly. He said that the group needed just £600,000 of working capital and that a company doctor, who would have been appointed executive chairman, had joined the group.

This announcement appears as a matter of record only

December 1991



## TEESSIDE POWER

£225,000,000  
Lease Financing

for a joint venture between  
Enron Europe Ltd.

subsidaries of  
Midlands Electricity plc, Northern Electric plc,  
South Western Electricity plc and South Wales Electricity plc  
and  
ICI Chemicals & Polymers Ltd.

Lease provided by a subsidiary of

## National Westminster Bank

Lease arranged by  
NatWest Leasing and Asset Finance Ltd.

Lessee  
Teesside Power Limited

Lessee security arrangements negotiated with  
Enron Europe Ltd.

and, on behalf of the Credit Bank Syndicate,

Deutsche Bank AG Manufacturers Hanover Trust Co. Ltd. The Mitsui Taiyo Kobe Bank, Limited  
London Branch

Lease Advisers to Teesside Power Limited

Goldman Sachs International Limited J. Henry Schroder Wagg & Co. Limited

NatWest Leasing and Asset Finance

This announcement appears as a matter of record only

December 1991

## TOYOTA

£325,000,000  
Lease Financing

for a new car assembly plant  
in Burnaston, Derbyshire

Leases provided by subsidiaries of

## National Westminster Bank

Lessee  
Toyota Motor Manufacturing (U.K.) Ltd.

Lessee advised by  
S.G. Warburg & Co. Ltd.

NatWest Leasing and Asset Finance

## UK COMPANY NEWS

## Tube and hose acquisition funded by £26.6m rights issue

### Senior pays \$40m for US group

By Andrew Bolger

SENIOR Engineering Group is to pay \$40m (£22.1m) for Flexonics, a leading US manufacturer of flexible tube and metal hose, expansion joints and bellows.

Mr Don McFarlane, managing director, said the purchase would make Senior a leading international force in one of its business areas.

Senior, which specialises in ductwork, heat treatment and tubes, is funding the acquisition by a 1-for-4 rights issue at 58p per share, which will raise \$26.6m. Senior's shares closed 2 1/2p down at 69 1/2p.

The group, which has been sheltered from the downturn in the engineering sector by supplying ducting to big construction projects such as Sizewell power station, is also maintaining its record of resisting recession.

It yesterday forecast that pre-tax profits for the year to December 31 would increase by

13 per cent to £18.1m, with earnings per share up by 6.6p to 6.5p (6.1p).

The group said it did not have a significant presence in the US flexible hose and expansion joint business, so Flexonics would be a good fit with its existing plants in Europe and the Far East.

Flexonics, a private company with headquarters at Bartlett, near Chicago, made pre-tax profits of \$2.4m on turnover of \$26.5m in the nine months to end-November.

Despite the recession in the US, it continued to operate at a satisfactory level, and was not expected to dilute the enlarged group's earnings.

Senior intends to keep all the key operating management within Flexonics. In particular, Mr Stephen Perkins had signed a new contract as president of Flexonics, which employs 850 people, all of them in North America. Mr Perkins will now

oversee all of Senior's flexible hose businesses worldwide.

Mr McFarlane will take over as chairman from Professor Sir Roland Smith, who said last year that he would step down in May.

Mr McFarlane will be succeeded as group managing director by Mr John Bell, who has been chief executive of engineering products for several years.

Senior forecast that it would recommend a final dividend of 1.95p (1.78p), giving a total for the year of 3.15p (2.88p), an increase of 10 per cent.

The rights issue is underwritten by Schroders, with Hoare Govett and Albert E Sharp as brokers.

#### COMMENT

The need to forecast profits for yesterday's cash call meant that Senior is one of the first engineering companies to report on calendar 1991, but it

is already a safe bet that few other will do as well in the forthcoming results season.

Senior still gets lumbered with labels such as solid and respectable, which seems unfair to a company which has doubled its share price in the last year. Although the market now feels gloom about engineering was overdone, the very elements about Senior which kept earnings up during recession may now prevent it being seen as recovery stock.

Construction services, which provides ducting to big infrastructure projects, seems to have had a record year. The US acquisition looks shrewdly judged, and positions the engineered products division to benefit from any upturn.

Forecast profits of £22.5m next year put the shares on a multiple of about 10, which still seems undemanding for a company with no gearing and a solid track record.

## Serco set to buy BT's Aeradio offshoot

By Hugo Dixon

SERCO, the fast-growing facilities management group, appears to be close to acquiring International Aeradio Limited (IAL), British Telecom's mobile telephone and hospital maintenance subsidiary.

Mr David Perkins, Serco's finance director, said yesterday the situation "still is an investigation at this stage and by no means final". He described suggestions that Serco would pay between £10m and £15m for IAL as a "market rumour".

Earlier this week BT said that nothing active was happening with IAL. But the telecommunications group admitted that the subsidiary, acquired in 1986, did not fit its corporate strategy of running telecommunications networks.

IAL staff were originally told that a sale would be completed by the end of January. They now seem to be waiting for a decision which could be finalised later this month.

Serco raised £9.7m in a rights issue last November. One of its stated reasons for the issue was "to develop through suitable acquisitions", specifically mentioning aviation services as a possibility.

BT bought IAL from STC, the electronics group, as part of its original post-privatisation strategy. It acquired many small, medium and large companies during this period before deciding to refocus on telecommunications services.

It is understood that BT was originally hoping to sell IAL for £30m, but had to lower the price because bidders apart from Serco dropped out.

At one stage Thomson CSF, the French defence group, looked like the front runner.

IAL's turnover is thought to be about £20m following BT's decision to integrate some of its activities with its main business.

At its peak, IAL was thought to have had turnover of about £100m.

Touche Ross, Serco's auditors, have been questioning staff at IAL's headquarters in west London since last October as part of what appears to be a due diligence exercise. IAL has about 600 staff.

## Depressed demand and lower margins behind tumble at P&P

By Michio Nakamoto

P&P, one of the largest distributors of personal computers in the UK, saw profits nose-dive last year as the recession depressed customer demand and intense price-cutting in the industry affected margins.

Despite an increase in turnover to £223.4m (£223.3m) pre-tax profits in the year to November 30 1991 fell from £13.1m to £7.1m.

Mr David Southworth, managing director, said the group had been caught by a larger than expected fall in revenue from product sales at a time while it was still investing to build up higher margin computer services business.

The decline was signposted by a profits warning last October. The shares yesterday rose 9p to 44p.

An unchanged final dividend of 3p is declared; after the increased interim this raises the total to 4.38p (4.25p). Earnings fell to 0.9p (0.85p).

UK corporate sales dropped substantially during the year. Customers cut back investment in computers because of the recession and intense price

competition between manufacturers, which led to the average price of PCs falling 40 to 50 per cent. Cuts of that magnitude led customers to put off investment decisions in expectation of further reductions.

Against this backdrop, P&P found itself with continuing high overheads as it built up its services side.

Net operating expenses surged to £41.9m (£37.9m), of which personnel costs, including redundancies, accounted for £6.8m and bad debt and stock provisions £3.1m.

The group was comfortable with its decision to invest in the computer services business from a strategic point of view.

Faced with a wide variety of choices in complicated and costly information technology systems, consumers were increasingly dependent on advice from third parties such as P&P. Its ability to provide that service had won it loyal customers.

But from a profits point of view, customers seeking advice were still unwilling to pay for that advice.

Mr Southworth expected the trend to increase and while P&P had to offer many services free in the past, "we're now in a scenario where nothing is free."

#### COMMENT

The PC market will continue to be difficult and product margins are not likely to return to their former levels. The question is how long P&P will have to wait before generating the kind of returns it is looking for and whether it can keep from falling seriously into loss before that happens. The timing of a UK recovery is anyone's guess. That said, however, a recovery will come, if not this year then the next, and P&P is probably better placed than others to withstand prolonged turbulence thanks to the proceeds of its rights issue. Forecast pre-tax profits of £3.5m give a prospective multiple of 12.5, which is perhaps undemanding given the comfort of nearly £10m net cash and the group's reputation in the sector which strengthens its recovery potential.

## Dawson Intl restructures for growth

By Daniel Green

DAWSON International, the UK's fourth biggest textiles company, is restructuring its businesses to prepare for further launches of its US-made goods into European and Japanese markets.

In a radical change for the group, primarily known for its Fringle and Ballantyne knitwear brands, a structure based on geographical division between the US and elsewhere is being replaced by exploitation of its brands.

"This will allow us to learn from best practice around the

company. Before, we were like little boxes," said Mr Ronald Miller, executive chairman.

No job losses will be involved in the changes, he said. Earnings per share should be improved through greater motivation of staff.

"Some brands were small and we were spreading our resources too thinly," said Mr Miller.

The moves are accompanied by a board reshuffle that reduces the number of executive directors from six to three.

Mr Nick Kuenssberg, who

joined the company from Coats Viyella in September 1991, moves from chief executive UK to run the Premier Brands unit, covering yarns, fabrics and the woolen brands.

Mr Philip Kemp, formerly chief executive US, will run consumer products, mostly sports clothing. Ms Ann Burdus, director, communications and marketing, Olympia and York Canary Wharf, joins as a non-executive director.

Dawson's products have historically been divided by brand. US-made goods have been sold

almost entirely domestically. Many are sports clothes often using cotton or polyester fabrics and are a far cry from Dawson's UK-manufactured woollens and cashmeres.

The US has become increasingly profitable for the company: some 60 per cent of Dawson's £28m annual profit last year came from the US.

"The US is now well established in organisational structure and people. Philip Kemp is now able to spend more time in Europe and Japan," said Mr Miller.

## Pena sues GWR for unspecified sum

Mr Dan Pena, former chairman of Great Western Resources, is suing his former employer, and individual directors of the troubled oil and gas company, for an unspecified sum.

Mr Pena is claiming entitlement to certain termination payments.

However, Great Western Resources strongly maintains that any such payments would be immaterial after taking account of loans outstanding to Mr Pena totalling £1.4m.

## Merrett falls 54% but holds dividend

By Richard Lapper

MERRETT Holdings, the Lloyd's underwriting agent and insurance services group, yesterday reported a 54 per cent fall to £3.2m in pre-tax profits for the year to September 30.

Earnings per share were 10.25p (20.25p) but the dividend is unchanged at 6.25p.

The result largely reflected the recent depression in the London insurance market,

where Merrett manages insurance syndicates at Lloyd's of London, and increased costs, especially in the development of its loss adjusting activities.

Total revenues rose to £23.7m (£22.3m), with income from insurance services increasing to £15.5m (£11.5m).

UK loss adjusting activities expanded strongly despite better weather conditions which contributed to an increase in

the volume of claims handled in 1990.

Profit commissions paid by Names - the individuals whose capital backs the market's underwriting - fell to £3.18m (£6.34m), reflecting the downturn at Lloyd's in 1990, when the market as a whole recorded a pre-tax loss of £5.0m.

Income from agency salaries rose to £5.01m (£4.78m).



## TRANS-NATAL Coal Corporation Limited

(Incorporated in the Republic of South Africa Registration No. 63/01000/06)

### UNAUDITED INTERIM REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 1991

#### INCOME STATEMENT

	Six months to 31.12.91	Six months to 30.06.91	Six months to 31.12.90	Twelve months to 30.06.91
Sales tonnage (millions)	13.3	13.4	14.1	27.5
	(Rm)	(Rm)	(Rm)	(Rm)
Sales revenue	769.1	714.5	712.5	1 427.0
Operating income	108.4	75.0	105.4	180.4
Income before taxation	95.2	66.3	95.7	162.0
Attributable income	66.3	78.1	60.0	138.1
Earnings per capital unit (cents)	83.2	98.7	75.3	172.0
Dividends per share (cents)	23.0	53.0	22.0	75.0

#### BALANCE SHEET

	As at 31.12.91	As at 30.06.91	As at 31.12.90
	(Rm)	(Rm)	(Rm)
Permanent capital holders' interest	924.6	869.1	863.9
Outside shareholders' interest	8.5	8.5	8.5
Group equity	933.1	877.6	872.4
Group loans	235.7	257.1	253.7
Capital employed	1 168.8	1 134.7	1 126.1
Net mining assets	966.1	911.5	890.5
Stocks and consumables	55.2	43.1	63.7
Investments and other assets	41.1	34.7	22.0
Net monetary assets	86.4	145.4	149.9
Employment of capital	1 168.8	1 134.7	1 126.1
Cash and liquid investments	246.9	307.0	283.3

#### Note

"Due to Eskom's decision to mothball the Camden and Komati Power Stations with effect from 1 January 1991, Trans-Natal's product mix changed substantially which complicates comparison with the results for the six months to 31 December 1990. For that reason the results for the six months to 30 June 1991 have been included to facilitate evaluation of operating performance."

#### COMMENTS

1. Operating income rose by 45% to R108.4m for the period compared to the preceding six month period and by 3% compared to the corresponding period for 1990.

2. Export sales increased by a further 0.2Mt to 5.5Mt for the period under review, which indicates that the Group's planned export sales of 10.8Mt for the year are within reach. Sales to Eskom fell by almost 20% due mainly to the mothballing of Camden and Komati Power Stations. In contrast to the lower

sales to Eskom, inland sales improved by some 0.2Mt (7%) to 2.9Mt mainly due to increased sales to non-Eskom power stations.

3. Sales revenue increased to R769.1m. This was mainly due to higher prices in all market segments, a more favourable rand/dollar exchange rate, and the "replacement" of sales to Eskom by higher priced export sales. Despite the higher proportion of export sales (which incur carriage and freight costs), unit cost of sales increased by only 4%

compared to the immediately preceding six month period. This can be attributed to the benefits arising from the substantial capital expenditure on the modernisation programme, sound performance at Optimim Colliery, and the beneficial effect of the measures taken at Komati Colliery subsequent to Eskom's withdrawal. Discussions with Eskom regarding the mothballing of Komati Power Station were concluded. This resulted in Eskom contributing some R2.5m towards the cost of the rationalisation programme at Komati Colliery and R4.0m in respect of the ultimate closure costs of the Blikopan shaft. The money received in respect of closure costs was paid into the Trans-Natal Rehabilitation Trust Fund. The balance of this Trust Fund at 31 December 1991 stood at R66.8m.

4. The lower tax rate (nominal 50.68% compared to 54.5% in December 1990) resulted in a 10% improvement in attributable income, compared to the corresponding period for 1990.

5. The Group's net cash position (i.e. cash and liquid investments less long-term interest-bearing debt) declined marginally to R175.3m compared to R182.6m at 31 December 1990 (and R213.4m at 30 June 1991), mainly due to the high capital expenditure during the period under review.

6. The Group's ability to maintain the earnings reported above in the second half of its financial year will depend materially on similar levels of exports, dollar prices and the rand/dollar exchange rate.

7. The Board decided to increase the interim dividend by 4.5% to 23 cents per share.

On behalf of the Board  
B.P. Gilbertson - Chairman  
M. Salomon - Managing Director

Johannesburg  
7 February 1992

#### NOTICE OF DIVIDEND DECLARATION

Interim dividend declared on 6 February 1992 - 23 cents per share.

Last date for registration 21 February 1992 - Payable on 13 March 1992.

Registers closed from 22 February to 8 March 1992.

Currency conversion 3 March 1992.

Copies of the Interim Report may be obtained from the Office of the Rand Securities, 30 By Place, London EC1N 8LA



## Carrefour

SALES, TAXES INCLUDED AS OF JANUARY 31, 1992

	January 1992 (in FF millions)	Jan. 92/Jan. 91
GROUP SALES	10,284	48.4
FRANCE	7,330	57.4

As of January 28, 1992 Carrefour signed an agreement with the Colla group which operates in France the Bimarche stores in Brest (8,700 sqm) and in centers Paris (7,500 sqm).

Carrefour took a 30% stake in the company that holds and runs both stores. Carrefour will manage them from February 4, 1992 on.

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US \$100,000,000

Floating Rate Notes due 1997

Notice is hereby given that the rate of interest for the period from February 7th, 1992 to August 7th, 1992 has been fixed at 5 per cent. The coupon amount due for this period is US \$252.78 per US \$100,000 denomination and US \$252.78 per US \$100,000 denomination and is payable on the interest payment date August 7th, 1992.

The Fiscal Agent  
Banque Nationale de Paris (Luxembourg) S.A.

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T&N plc

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**Mr John M Neill**  
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## COMMODITIES AND AGRICULTURE

## US company in Uzbek gold deal

By Kenneth Gooding, Mining Correspondent

NEWMONT MINING, North America's biggest gold producer, has signed a protocol of agreement to process ore stockpiled at Muruntau in newly-independent Uzbekistan, reputed to be the world's biggest open pit gold mine.

Muruntau produces about 1.8m troy ounces of gold a year from reserves which will last until about 2000. However, it has stockpiled low-grade material from which milling cannot extract enough gold.

Under the terms of the proposed joint venture with the Uzbek government, Newmont will build huge processing plants on which this low-grade ore will be piled and the gold leached out with a cyanide-water mixture.

Heap-leach technology revolutionised gold mining in North America and Australia in the past 20 years and Newmont claims to be the world's largest user at its mines on the Carlin Trend in Nevada. They produced 1.8m ounces of gold last year.

Analysts estimate it will cost between US\$70m and \$75m for crushing equipment and to build the leach pads and associated plant at Muruntau, which is about 350 miles north-west of Tashkent.

The contract, which Mr James Hill, Newmont's vice-president, corporate relations, said could be signed as early as March, calls for Newmont to process 150m tonnes of stockpiled material over the next 20 years. This should extract between 180,000 and 360,000 ounces of gold a year, which would be sold for the equal benefit of the government and Newmont.

Mr Hill hoped this would lead to more contracts between Newmont (which has Sir James Goldsmith, the Anglo-French financier as its chairman) and Uzbekistan, the second-largest gold producer among the former Soviet republics. He hoped the Muruntau arrangement would attract the interest and support of western banks.

## Australian production forecast to stabilise

By Emma Tagaza, Canberra

AUSTRALIAN GOLD production is forecast to stabilise at about 230 tonnes over the next five years, after reaching an estimated 235 tonnes in 1991-92, the Australian Bureau of Agricultural and Resource Economics said yesterday.

Production of 235 tonnes in 1991 was above levels forecast last year and was achieved in spite of the removal of a tax break for gold companies and low world prices.

Mr John Cairns, the bureau's principal research officer on ferrous and precious metals, said production forecasts for the next five years had been raised because of expectations of stronger nominal prices, based in turn on forecasts of a recovery in world economic activity.

He thought that Australian gold export earnings would rise moderately to about A\$3.5bn (\$1.56bn) this year and to more than A\$3.5bn in 1992-93, before easing slightly in real terms in the three ensuing years.

He added that foreign demand was expected to remain a significant component of the total export value and could exceed forecast levels if new refining contracts could be obtained.

Meanwhile Mr Campbell Anderson, the chief executive of Resonance Gold Fields Consolidated, said that mine production this decade would be driven largely by gold consumers, principally those buying jewellery.

## NFU leader calls for market-friendly farming

David Naish believes UK growers accept the need for change, writes David Blackwell

LOW INVESTMENT, falling incomes, job losses and uncertainty over political reforms have continued to batter the UK farm sector over the past 12 months since David Naish became president of the National Farmers' Union.

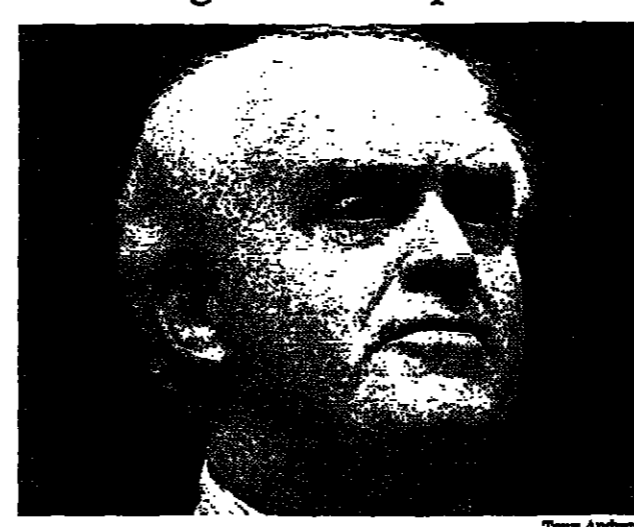
But he believes that the farmers have taken on board the need to change their attitudes and get a lot closer to the market. He will be urging his members to become even more businesslike when he addresses his first annual general meeting as president on Tuesday next week.

"The willingness of farmers to accept new disciplines has been amazing," he said. "This does not apply only to the marketing side of farming. Four years ago could you have seen farmers through their trade organisation offering an animal welfare policy, a pesticide residue policy, and a food safety policy? They recognise they've got to actually live with all the other organisations and people who care about what happens in the countryside."

But the need for professionalism when it is time to sell the crop remains paramount in his mind. "I am extraordinarily keen that they can just repress themselves and be professional market men."

The Food from the Countryside scheme is a key part of the NFU's new policy. A help desk has been set up each of the nine regional offices for people who are even thinking about simple collaborative ventures.

In April a series of workshops will start with speakers from successful collaborative ventures as well as food industry representatives and buyers who can explain what they are



David Naish: Faces his first annual meeting next Tuesday

looking for from the farmers. All the other professional bodies needed to create a successful venture will be represented, including all five clearing banks, accountants, and management consultancies.

The workshops will be followed up with a series of regional food fairs where the multiple retailers, manufacturers and caterers will be available to any groups who are thinking of becoming what Mr Naish terms "reservoirs of British produce".

But he does not believe it is in the farmers' interests to form millions more ventures. Rather they should join existing organisations, not just to get more muscle against the supermarkets' buying power but in order to be able to guarantee the level of supply that's required to get access to those multi-distributional warehouses or the manufacturer

with the continuity of quality of supply to keep the warehouses running."

Much criticism has been aimed at the supermarkets at the farming community. At the recent Oxford Farming Conference, one of the speakers had to apologise after jokingly asking the difference between a supermarket buyer and a terrorist. Answer: you can negotiate with a terrorist. However, Mr Naish refuses to be critical of supermarket profits.

"I'm not going to snipe in any way at retailers because they've got those margins either because we're weak sellers or they're very strong buyers and I believe we are weak sellers and we've got to get over that."

He recognises that farmers have to get more from the market place, no question of that, and the way to get more from the market place is to grow

what your customers want, not what you want to grow. "Then you're in a position to ask a realistic payment for it."

He is not above criticising the farmers themselves, and repeatedly stresses the need for discipline. There are a lot of examples of farmers, having said they were going to collaborate, trying to duck under the net and evade their responsibilities, he believes.

"The successful co-operatives have a very high degree of discipline at the moment and I believe that's the major route to success," he says.

He quotes his own experience to illustrate the rapidly changing nature of UK farming. Six years ago he did not know where any of the potatoes grown on 140 acres on his farm went after harvest. "I now don't put a potato in the ground that has not got a market at the other end, providing it meets quality standards."

He is proud of UK farmers' record in the past, when the need for production overrode every other issue, and points out that at the end of the 1970s government white papers were predicting food shortages now. Many of the cows that are still milking today were born then, he says.

Cultural differences in the UK, particularly the system of primogeniture in land inheritance, have held back development of the co-operation from which continental European farmers have benefited. But there are also fiscal differences throughout the EC, and Mr Naish knows that attaining an equitable trading environment

will be anything but easy. He decries the uncertainty surrounding the two major issues facing European farmers - the General Agreement on Tariffs and Trade and reforms of the Common Agricultural Policy. The NFU wants a Gatt settlement - but it does not want to see things settled in favour of the Americans.

Mr Naish is strongly critical of Arthur Dunsen's proposals to break the Gatt deadlock, and believes proposed changes to certification on imports will lead to "extraordinarily competitive" prices for US wheat.

This might lead to some healthy consumer prices in the UK, he admits, but "frankly you'll see huge disruption, both to agriculture and the countryside, which I believe is the adverse proportion to the goodness that will be gained from getting that Gatt settlement."

He is resentful of any suggestion that the NFU is merely reacting to Brussels decisions and not putting forward policies of its own. He has forged strong links with Cops, the association of EC farming unions, which believes supply management is the right way forward for professional farmers on commercially viable holdings. However, Cops's proposals have been ignored by the politicians.

Meanwhile he is under no illusions of the task ahead for the UK's farmers. The industry has been stripped of its excesses and is still going downhill, warning that unless you're readers generally will say that is what has been happening in industry - but we've been having it for 10 years."

## Russian softwood output down sharply

By Frances Williams

RUSSIAN PRODUCTION of softwood (conifers) - in normal years more than half total European production - may have fallen by 30 to 35 per cent in 1991, according to estimates published this week by the United Nations Economic Commission for Europe. Conditions are so uncertain that no reliable forecast can be made for 1992, the commission says.

Elsewhere in Europe, and in North America, the UN agency expects a modest recovery in softwood production and consumption in 1992 after declines last year. These largely reflected the recession and in particular the dampening effect of high interest rates on housing construction.

For Europe (excluding Russia), consumption is forecast to rise by 1.3 per cent to 73.8m cubic metres, and production by 0.9 per cent to 68.2m cu m, following drops of 8 per cent and 7.4 per cent respectively in 1991.

In North America, much of last year's fall in softwood production and consumption is likely to be recovered in 1992, the ECE says. It predicts production this year of 136.5m cu m, just 1 per cent below 1990 levels, and consumption of 120.8m cu m or 2 per cent less than in 1990.

Against the new market in Europe are returning to normal after the massive clearance of storm-

damaged timber in 1990, the ECE notes. In the longer term, the agency expects that, with international help, eastern Europe's forest products industries and markets could recover within a few years.

The European and North American markets for hardwoods are predicted to follow a similar trend to that of softwoods. In Europe (excluding Russia), the ECE forecasts increases this year in softwood production and consumption of 2.1 per cent (to 21m cu m) and 3.1 per cent (to 17.1m cu m) after falls of 8.0 and 3.8 per cent respectively in 1991.

It notes that softwood hardwood of temperate species now has over 50 per cent of the market in Europe. European imports of tropical hardwood, a product of environmentalists concerned about unsustainable logging in developing countries, are estimated to fall by over 15 per cent to 2.6m cu m between 1990 and 1992. For logs the drop in tropical hardwood imports in 1990-92 is expected to be 10.9 per cent to 3.2m cu m.

Looking at wood products, the commission expects a slight upturn in the market for wood-based panels but notes that recycled paper is competing successfully with virgin pulp in paper production. Against the new market in Europe are returning to normal after the massive clearance of storm-

## Keeping a weather-eye on a troublesome 'child'

Barbara Durr looks at the crop problems posed by the unpredictable El Niño climate phenomenon

TO CALM anxious grain traders the Chicago Board of Trade will offer a seminar later this month on El Niño, the weather phenomenon that develops in the equatorial Pacific every three to five years and can cause global climate upsets. Grain traders are keen to know if they can expect this year's El Niño to disturb the US weather pattern sufficiently to make a dent in crop output.

Although signs of El Niño had been accumulating during 1991, only last month did the US National Weather Service finally concede publicly that the phenomenon was a fact.

The symptoms had been showing themselves overseas since last spring - rising surface temperatures in the eastern and central Pacific, drought in the western Pacific rim from Australia through Indonesia, a weather Indian monsoon, drought in northern Brazil, drought in South Africa and wetness last summer in the Great Basin of the US, which runs

from Arizona north to Idaho. While many of these conditions indicate that El Niño is occurring, they do not reveal its severity. The phenomenon generally peaks in the northern hemisphere's winter. This helps explain why Peruvian fishermen dubbed the phenomenon El Niño, which means Christ child in Spanish. It arrived about Christmas time.

Mr Vernon Koucky, a research meteorologist with the US weather service, now assesses the current El Niño as "moderate to strong". While individual weather events cannot always be directly attributed to El Niño, some signals are indicative of its strength. Warm water in the Pacific is pushing moisture into the south-western US, causing, for example, this winter's floods in Texas, according to Mr Art Douglas, chairman of the monsoon forecast at the Atmospheric Sciences Department. Along the Gulf of Mexico, from Texas to Florida, some areas have already

had 200 per cent to 1,000 per cent of their normal rainfall. Temperatures in that region are also beginning to dip below normal. At the same time the phenomenon is upsetting the Jet Stream, keeping extremely cold air far to the north and moderating temperatures in the Midwest.

The Midwest, America's most important grain area, is seeing temperatures four or five degrees Fahrenheit above normal, said Mr Jon Davis, the in-house meteorologist for Shear, Lehman's commodities trading arm. The weather service predicts that more of the same will occur in those regions until spring and that the usually wet north-west is likely to be drier, as is the Ohio valley.

But what concerns the grain trade more is what, if anything, will happen during the critical planting and growing seasons for American crops from June to August.

Unfortunately, weather forecasting is not a precise science. Mr Koucky

says that El Niño, usually a 12 to 18 month event, has another six to 12 months to run. But he points out that there is no consistent relationship between El Niño and the weather pattern beyond the winter-to-spring months. "Anything can happen," he admits.

Crop Cast, a Maryland-based weather forecasting service that is used by many US commodity trading houses, says that while El Niño has already affected South American soybeans, South African maize and Australian wheat, it is hoping to be able to predict potentially damaging crop effects in the US by looking at the coincidence of the El Niño with two other climatological events, last year's eruption of Mount Pinatubo in the Philippines and the combination of lunar and solar cycles.

These additional factors, along with El Niño probably mean that more extreme weather pattern bleeds over into summer, according to Mr Kevin

Marcus, director of Crop Cast services. He says the likelihood of extreme, hot and dry weather is 100 per cent, but gives only a one in three chance that this will have a significant impact on crops.

The hot, dry weather would have to occur in July or early August to reduce the maize and soybean crops significantly, that is by more than 10 per cent. But Mr Marcus is uncertain about how the El Niño phenomenon will interact since there is no established pattern. He is still waiting for more data on the severity of this year's El Niño.

The phenomenon has prompted commodities markets to gyrate in the past. In 1972-73 the El Niño destroyed the Peruvian fishmeal catch, which then accounted for some 45 per cent of the world trade in protein feed. In 1982-83 it caused a drought in Africa, which helped to send cocoa prices up by nearly 70 per cent over a period of about a year.

## MARKET REPORT

New York platinum futures were strongly aloof at midday after news that South Africa's Impala Platinum appears to have recently bought metal on world markets to help meet supply needs. In London, platinum prices advanced, but met stiff resistance around \$365 a troy ounce. On the LME the zinc market lost its recent backwash, cash metal rising \$2.50 a tonne below three-month metal. Dealers said the firmer tone might be due to the apparent easing of tightness on February and the possible return of consumer interest to the market. London cocoa prices again touched fresh five-month lows. "We have seen persistent selling

## London Markets

from a number of trade quarters," said one dealer. The threat of Ivory Coast sales still hangs over the market, which was under further pressure from a weaker dollar against sterling. New York March arabica moved above 70 cents a lb on short covering by midday after hitting a low of 68.70 in late trade on Wednesday, the cheapest level for a nearby contract since October 1989. Chartists said 68.30 remains a critical support level; a move below there would put the market at 17-year lows. London's freight futures were again in retreat following a 21 point fall in the Baltic Freight Index to 1,372. Compiled from Reuters

## SUGAR - London POKE (\$ per tonne)

Raw	Close	Previous	High/Low
Mar	180.80	181.40	180.00 180.40
May	180.80	181.80	180.00 180.40
Jul	180.80	181.80	180.00 180.40
Sep	180.80	181.80	180.00 180.40
Nov	180.80	181.80	180.00 180.40
Dec	180.80	181.80	180.00 180.40

## CRUDE OIL - IPE (\$/barrel)

Close	Previous	High/Low
Mar	15.51	15.50 15.52
May	15.51	15.50 15.52
Jul	15.51	15.50 15.52
Sep	15.51	15.50 15.52
Nov	15.51	15.50 15.52
Dec	15.51	15.50 15.52

## GAS OIL - IPE (\$/barrel)

Close	Previous	High/Low
Mar	17.00	17.00 17.00
May	17.00	17.00 17.00
Jul	17.00	17.00 17.00
Sep	17.00	17.00 17.00
Nov	17.00	17.00 17.00
Dec	17.00	17.00 17.00

## PUMPS &amp; VEGETABLES

Cape pumpkins are super this week at 75-80p a lb (85-90p), along with grapefruit at 20-25p each (18-20p) for white varieties (15-20p) and red varieties (15-20p) in 10-15c. Large heads of white celery at 55-60p a head (55-60p) continue to be a best seller. Another notable seller is a tomato at 60-70p a lb (60-70p).

## WORLD COMMODITIES PRICES

## COCOA - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	814	800 820
May	714	721 727
Jul	740	748 752
Sep	740	748 752
Nov	740	748 752
Dec	740	748 752

## COPPER - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	871	861 879
May	868	862 874
Jul	818	811 825
Sep	818	811 825
Nov	818	811 825
Dec	818	811 825

## SOYABEAN - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	128.00	128.00 128.00
May	128.00	128.00 128.00
Jul	128.00	128.00 128.00
Sep	128.00	128.00 128.00
Nov	128.00	128.00 128.00
Dec	128.00	128.00 128.00

## FRUIT &amp; VEGETABLES

Close	Previous	High/Low
Mar	1382	1415 1410 1385
May	1447	1483 1475 1485
Jul	1447	1483 1475 1485
Sep	1447	1483 1475 1485
Nov	1447	1483 1475 1485
Dec	1447	1483 1475 1485

## GRAIN - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	128.25	128.25 128.25
May	128.25	128.25 128.25
Jul	128.25	128.25 128.25
Sep	128.25	128.25 128.25
Nov	128.25	128.25 128.25
Dec	128.25	128.25 128.25

## BARLEY - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	116.75	116.00 117.50 116.00
May	120.00	119.15 120.00 120.00
Jul	120.00	119.15 120.00 120.00
Sep	120.00	119.15 120.00 120.00
Nov	120.00	119.15 120.00 120.00
Dec	120.00	119.15 120.00 120.00

## WHEAT - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	120.00	120.00 120.00
May	120.00	120.00 120.00
Jul	120.00	120.00 120.00
Sep	120.00	120.00 120.00
Nov	120.00	120.00 120.00
Dec	120.00	120.00 120.00

## LONDON METAL EXCHANGE

Close	Previous	High/Low
Aluminium, 99.7% purity (\$ per tonne)	1223-14	1224-1222 1223-24
Cash	1223-14	1224-1222 1223-24
3 months	1223-14	1224-1222 1223-24

## COPPER - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	1185-8	1201-2 1185-8
May	1185-8	1201-2 1185-8
Jul	1185-8	1201-2 1185-8
Sep	1185-8	1201-2 1185-8
Nov	1185-8	1201-2 1185-8
Dec	1185-8	1201-2 1185-8

## LEAD - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	291-1	290-0 291-1
May	291-1	290-0 291-1
Jul	291-1	290-0 291-1
Sep	291-1	290-0 291-1
Nov	291-1	290-0 291-1
Dec	291-1	290-0 291-1

## NICKEL - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	780-00	780-00 780-00
May	780-00	780-00 780-00
Jul	780-00	780-00 780-00
Sep	780-00	780-00 780-00
Nov	780-00	780-00 780-00
Dec	780-00	780-00 780-00

## ZINC - London POKE (\$/tonne)

Close	Previous	High/Low
Mar	1140-40	1140-40 1140-40
May	1140-40	1140-40 1140-40
Jul	1140-40	1140-40 1140-40
Sep	1140-40	1140-40 1140-40
Nov	1140-40	1140-40 1140-40
Dec	1140-40	1140-40 1140-40

## LME Closing BVE rate

3 months	6 months	9 months
1.7888	1.7888	1.7888
1.7888	1.7888	1.7888
1.7888	1.7888	1.7888

## LONDON BULLION MARKET

Close	Previous	High/Low
Gold (\$ per oz)	355.00	355.00 355.00
Operating	355.00	355.00 355.00
Afternoon fix	355.00	355.00 355.00
Day's high	355.00	355.00 355.00
Day's low	355.00	355.00 355.00

## NEW

**By Terry Byland, UK Stock Market Editor**

Account Dealing Dates		
First Dealing: Jan 27	Feb 10	Feb 24
Option Expirations: Feb 6	Feb 20	Mar 5
Last Dealing: Feb 7	Feb 21	Mar 6
Account Day: Feb 17	Mar 2	Mar 15

\*New-time dealings may take place from 10:00 a.m. to 3:00 p.m. on the day of the dealing.

standards. The report has been prepared, but not yet published, by Barclays de Zoete Wedd, the UK investment bank, which rejected the initial market comments as "totally incorrect" and stressed that it had not changed investment recommendations on the

But gains were rapidly and sharply reversed when clients of County NatWest acted on the investment bank's recommendation of a switch out of the leading oil stocks and into telecommunications issues. At least one very large institutional client was believed to be

Trading volume through the Seaq network rose to 539.1m shares from the 491.8m of the previous session. Yesterday's total took in heavy contributions from British Petroleum, Shell, BT and Racal Electronics.

FINANCIAL TIMES STOCK INDICES											
	Feb 6	Feb 7	Feb 8	Feb 9	Jan 31	Year Ago	1982 Low	1982 High	Since Completion 1980	Low	High
Government Secs	98.10	98.23	98.06	97.82	97.94	94.70	86.23 (5/2/82)	92.17 (2/1/81)	127.4 (1/15/84)	49.18 (3/1/78)	49.18 (3/1/78)
Fixed Income	100.59	100.59	100.80	100.87	100.84	94.70	86.23 (5/2/82)	92.17 (2/1/81)	105.54 (1/15/84)	50.23 (3/1/78)	50.23 (3/1/78)
Ordinary Share*	1591.2	1870.8	1973.7	1984.2	1896.8	1724.8	2108.3 (2/3/81)	1508.3 (1/16/81)	2110.3 (2/3/81)	46.4 (2/3/81)	46.4 (2/3/81)
Gold Mines	145.2	148.1	145.1	145.0	144.3	134.2	22.8 (2/1/81)	127.0 (1/16/81)	734.7 (1/16/81)	43.5 (2/3/81)	43.5 (2/3/81)
FT-SE 100 Share	2934.3	2947.1	2958.6	2960.2	2971.2	2292.0	2671.0 (2/1/81)	2654.0 (1/16/81)	2678.8 (2/3/81)	986.9 (2/3/81)	986.9 (2/3/81)
FT-SE Eurostock 200	1172.04	1173.21	1174.55	1175.42	1178.30	1004.89	1168.00 (3/1/81)	938.82 (1/16/81)	1196.00 (2/3/81)	938.82 (1/16/81)	938.82 (1/16/81)
•Ord. Div. Yield	4.85	4.83	4.81	4.80	4.82	5.55	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
•Earning Yld % (mtd)	6.82	6.85	6.92	6.90	6.87	11.58	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
•12 Mts Ratio (mtd)	18.12	18.10	18.13	18.12	18.10	18.12	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
SEAO Barga 4.50p	31.091	30.010	29.220	29.000	29.873	32.114	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
Equity Turnover (mtd)		864.80	811.70	744.69	1269.7	1263.65	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
Equity Bargain*		30.42	28.356	31.854	32.593	31.781	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
Shareholder Traded (mtd)		46.82	46.82	46.82	46.82	46.82	1000 1000	1000 1000	1000 1000	1000 1000	1000 1000
Equity Share Index, Hourly changes	Day's High 1970.1	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9	Day's Low 1958.9
Open 1982.1	1982.1	1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1	11 am 1982.1
Close 1982.1	1982.1	1982.1	1982.1	1982.1	1982.1	1982.1	1982.1	1982.1	1982.1	1982.1	1982.1
FT-SE 100, Hourly changes	Day's High 2549.8	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7	Day's Low 2529.7
Open 2529.7	2529.7	2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7	11 am 2529.7
Close 2529.7	2529.7	2529.7	2529.7	2529.7	2529.7	2529.7	2529.7	2529.7	2529.7	2529.7	2529.7
FT-SE Eurostock 200, Hourly changes	Day's High 1179.29	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80	Day's Low 1169.80
Open 1177.45	1177.45	1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45	11 am 1177.45
Close 1177.45	1177.45	1177.45	1177.45	1177.45	1177.45	1177.45	1177.45	1177.45	1177.45	1177.45	1177.45

## Vickers sold

Vickers tumbled after Smith New Court reduced its dividend forecast. The mid-morning reduction caused a "backwardation" — a situation in which the bid and offer price are temporarily reversed, leaving the shares 16 off at 180p. The broker said it expects the full-year dividend to total 5p, down from its previous estimate of 6p and against the ave-

day. The rise also reflected optimism ahead of a presentation given for GUS by Warburg Securities, but this disappointed and was described as something of a non-event.

Sears were particularly active, rising 2 to 102p. Smith New Court recently recommended the shares as a good recovery stock, but regarded yesterday's movement as simply a reflection of the sectors

**general strength. Marks & Spencer put on 5 to 30p, following a Kleinwort Benson recommendation.**

**Discount supermarket group**  
Kwik Save fell 2 to 54p after James Capel cut its profit forecast by 57m to £110m for the year to August 31 and by £12m to £122m for the following year. Kwik Save made a trading profit of £101.7m last year. Increased price competition from new operators in the dis-

**Vodafone** sped up 9% to 353p on good turnover of 2.7m, mirroring strong gains in cellular UK and US. Wireless' assistant, Barney's Wall Street brokerage, was said to have shifted from a hold to a buy on Vodafone.

**Standard Chartered** raced up 9 to 420p in response to vague takeover stories while talk of a US bid for Citicorp's recent recommendation was said to have lifted Midland 3% to 230p.

**Lloyds Abnhey Life** was a notable weak spot in life assurances, the shares losing 14 to 380p after a bearish recommendation from Nomura, the Japanese bank's broker.

**Commercial Union** retreated 8 to 455p after reports that ABZW had cut its 1992 dividend forecast and increased its estimate of 1992 losses.

Dollar weakness put pressure on internationally traded

Year	Intra-market business	Overseas turnover
1990	500	480
1991	800	550
1990/1991	550	500

pharmaceuticals stocks and a negative press report yesterday gave the excuse to take profits. The newspaper article quoted a consumers' association study which was critical of over-the-counter cold and influenza medicines.

Johnson & Johnson, which makes Beekun's Powders, fell 7 to 96 1/2. Reckitt & Colman which manufactures Lemsip dropped 4 to 67 1/2 and Wellcome, which produces a number of cough and cold remedies, dropped 12 to 111 1/2.

Glass responded to US selling and lost 18 to 82 1/2 and Pisons shed 3p to 37 1/2.

Medeva gained 9 to 22 1/2 on the back of a presentation at US brokerage house Merrill Lynch, by the chairman, Mr. John Taylor, to investors in New York.

Trading in Bantens Holdings was volatile following a signifi-

believes the company is on "an undemanding rating".

Babcock was active, the day's turnover reaching 12m and the shares remained unchanged at 56½p. Tompkins fell 4 to 435p. The word in the market is that the company is taking another look at Racal Electronics subsidiary, Chubb.

Profit taking hit Incheape, leaving the shares 9 down at 423p.

British Airways fell 4 to 230p, with Goldman Sachs reported to have been offering stock at 231p. Smith New Court advised investors to take profits and the shares were also said to have suffered from worries about the company's accountancy methods included in a report from BZW.

Senior Engineering retreated 2% to 69½p after announcing a £26.6m rights issue.

Shares in Euro Disney

	Index	Price	+/-	% chg
"Shorts" (Last 50 to 100 Years)				
Nov 19, 1992	150	150		0.00
Nov 18, 1992	150	150		0.00
Nov 17, 1992	150	150		0.00
Nov 16, 1992	150	150		0.00
Nov 15, 1992	150	150		0.00
Nov 14, 1992	150	150		0.00
Nov 13, 1992	150	150		0.00
Nov 12, 1992	150	150		0.00
Nov 11, 1992	150	150		0.00
Nov 10, 1992	150	150		0.00
Nov 9, 1992	150	150		0.00
Nov 8, 1992	150	150		0.00
Nov 7, 1992	150	150		0.00
Nov 6, 1992	150	150		0.00
Nov 5, 1992	150	150		0.00
Nov 4, 1992	150	150		0.00
Nov 3, 1992	150	150		0.00
Nov 2, 1992	150	150		0.00
Nov 1, 1992	150	150		0.00
Oct 31, 1992	150	150		0.00
Oct 30, 1992	150	150		0.00
Oct 29, 1992	150	150		0.00
Oct 28, 1992	150	150		0.00
Oct 27, 1992	150	150		0.00
Oct 26, 1992	150	150		0.00
Oct 25, 1992	150	150		0.00
Oct 24, 1992	150	150		0.00
Oct 23, 1992	150	150		0.00
Oct 22, 1992	150	150		0.00
Oct 21, 1992	150	150		0.00
Oct 20, 1992	150	150		0.00
Oct 19, 1992	150	150		0.00
Oct 18, 1992	150	150		0.00
Oct 17, 1992	150	150		0.00
Oct 16, 1992	150	150		0.00
Oct 15, 1992	150	150		0.00
Oct 14, 1992	150	150		0.00
Oct 13, 1992	150	150		0.00
Oct 12, 1992	150	150		0.00
Oct 11, 1992	150	150		0.00
Oct 10, 1992	150	150		0.00
Oct 9, 1992	150	150		0.00
Oct 8, 1992	150	150		0.00
Oct 7, 1992	150	150		0.00
Oct 6, 1992	150	150		0.00
Oct 5, 1992	150	150		0.00
Oct 4, 1992	150	150		0.00
Oct 3, 1992	150	150		0.00
Oct 2, 1992	150	150		0.00
Oct 1, 1992	150	150		0.00
Sept 30, 1992	150	150		0.00
Sept 29, 1992	150	150		0.00
Sept 28, 1992	150	150		0.00
Sept 27, 1992	150	150		0.00
Sept 26, 1992	150	150		0.00
Sept 25, 1992	150	150		0.00
Sept 24, 1992	150	150		0.00
Sept 23, 1992	150	150		0.00
Sept 22, 1992	150	150		0.00
Sept 21, 1992	150	150		0.00
Sept 20, 1992	150	150		0.00
Sept 19, 1992	150	150		0.00
Sept 18, 1992	150	150		0.00
Sept 17, 1992	150	150		0.00
Sept 16, 1992	150	150		0.00
Sept 15, 1992	150	150		0.00
Sept 14, 1992	150	150		0.00
Sept 13, 1992	150	150		0.00
Sept 12, 1992	150	150		0.00
Sept 11, 1992	150	150		0.00
Sept 10, 1992	150	150		0.00
Sept 9, 1992	150	150		0.00
Sept 8, 1992	150	150		0.00
Sept 7, 1992	150	150		0.00
Sept 6, 1992	150	150		0.00
Sept 5, 1992	150	150		0.00
Sept 4, 1992	150	150		0.00
Sept 3, 1992	150	150		0.00
Sept 2, 1992	150	150		0.00
Sept 1, 1992	150	150		0.00
Aug 31, 1992	150	150		

[illegible]

**TRADING** in stock index futures was characterised by two-way business with little in the way of features, writes Joel Kibazo.

Having opened at 2,561, at a premium of 26 to the cash index, the FTSE 100 contract ran into sellers early on and soon fell to 2,550, the low of the day, as the underlying cash market attempted a rally.

**Strong two-way business** contracts, though County NatWest was reported to have been the big seller before Wall Street's opening.

A modest recovery in March was curtailed by the poor Wall Street opening. Dealers' hopes for an increase in spread trading.

March eventually closed at 2,587 unchanged on Wednesday's close and 17 points above its estimated fair value.

Turnover reached 7,224 lots.

In traded options, volume rose to 25,386 contracts, from Wednesday's meagre 18,699. The FTSE 100 Index traded 7,322 contracts which included 1,835 lots of the BT was the busiest stock option trading 1,365 lots with the February 330 calls the busiest series. This was followed by Cable and Wireless. It traded 1,261 contracts with

[illegible]

Telecom group Cable & Wireless (C & W) delivered one of the poorest performance among the Foodie stocks after Barclays de Zoete Wedd, the investment bank, chopped its profits forecast for the company. C & W shares closed 15 lower at 580p, with 4.8m traded.

EWZ was also included by BZW in a list of leading UK companies which may be affected by proposals put forward by the Accounting Standards Board, although BZW was at pains to point out that it was not wishing to do with its profits *downgrades*.

BZW reduced its forecast of profits for the year ended

[illegible]

## Wellington Names Haynes

**Gamemaker** turned poacher might be one view of the company's decision to sack its Wellington Underwriting Holdings, the Lloyd's agency, to appoint Antony Haynes - a former leader of Lloyd's Names - to be its new chairman. But it's an impression that both parties are anxious to dispel.

Haynes has come to prominence at Lloyd's for his forceful leadership of the Association of Lloyd's Members, the organisation which acts as a kind of trades union for nearly 4000 members of the market underwriting.

A Name himself since 1964, Haynes has been a vocal critic of the market's establishment. But he believes attitudes have

changed at Lloyd's, where a prolonged far-reaching reform of the market's business structure was accepted by the Council last month.

Haynes played a prominent part in the task force which conducted the review. He recommended the appointment of McKinsey as management consultants, and, as a member of the 14-man team, pressed personally for many of the new rights for Names - such as their freedom to call annual general meetings of syndicates.

Certainly, Haynes, who has been a member of the syndicates with potential premium income of around £500m, will benefit from Haynes' business experi-

# Fauroux joins C Union


Commercial Union confirmed its reputation as the most European-minded of the composite insurance groups by this week appointing a senior French industrialist and politician to its board.

Roger Fauroux, currently president d'honneur of the Compagnie de St Gobain, is a former industry minister in France and was well known to the executives managing CU's sizeable Paris-based subsidiary. According to executives, John Carter, Fauroux's mix of private sector and civil service experience made him an attractive addition to a board that has

become both smaller and more "business-focused" in recent years.

Nicholas Baring, CU's chairman, says the appointment, coupled with that last year of Professor Henk Meijl, a Unilever director, would be of "particular value to the group in the development of its operations within the EC". Meijl has been involved in mergers and acquisitions.

Ian Strachan, the deputy chief executive of RTZ Corporation, was also appointed to the board. Fauroux replaces Robert Brooks, who retires after serving 15 years as a non-executive director.



- **SCOTTISH MUTUAL** Assurance has appointed Professor Robert Jack, 63, to be its new chairman. Jack replaces Forbes McPherson who, having extended his term of office to oversee the takeover by Abbey National, will continue as a non-executive director.
- **BHJ McDonald**, formerly financial controller, has been promoted to finance director, and Frank Webster, chief investment manager to director of REFUGEE Group.
- **Boy Wood**, head of WASA International (UK) Insurance, will retire in March. Goran Larsson will succeed him.
- **Richard Williams** is appointed financial director of **SCOTTISH LION**.

Olsen, 49, is the London-based general manager for Hong Kong and part of the airline's operations in the Pacific. He has worked for Cathay for 25 years, about 20 of them in the Far East. His experience lies largely in scheduled services.

In Dublin, Europe, Olsen holds a strong position at Gatwick, which switched its emphasis from charter to scheduled flights.

Olsen replaces Charles Whyte, who was brought in as managing director by David James, a company doctor, Limited's chairman and chief executive in the autumn of 1980.

James will stay on as non-executive chairman, with his salary falling to a fraction of the \$500,000 fee he has received for 18 months' work. He says there is now a strong possibility that he will become involved in another energy project.

Treatment of Peak and Off Peak		Peak	Off Peak	Peak	Off Peak
for hour	per day	per kWh	per kWh	per kWh	per kWh
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.15	17.15	17.15	17.15
0100	0700	17.15	17.15	17.15	17.15
0700	1700	17.15	17.15	17.15	17.15
1700	2300	17.15	17.15	17.15	17.15
2300	0100	17.			

# ASSOCIATES CORPORATION OF NORTH AMERICA

**5 1/4% Senior Notes Series A due 1996**

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement (the "Agreement") dated as of March 12, 1986 between Associates Corporation of North America (the "Company") and The Chase Manhattan Bank, N.A., as Fiscal Agent, the Company has elected to redeem all of its outstanding 5 1/4% Senior Notes Series A due 1996 (the "Notes") on March 12, 1992 (the "Redemption Date") at a redemption price equal to 101% of the principal amount thereof (the "Redemption Price") plus interest accrued thereon to the Redemption Date.

On the Redemption Date, the Redemption Price will become due and payable upon each Note to be redeemed and on and after said date the sole right of a holder of a Note shall be to receive the Redemption Price plus accrued interest to the Redemption Date.

Payment of the Redemption Price in the case of Bearer Notes will be made on and after the Redemption Date upon presentation and surrender of the Notes to be redeemed, together with all appurtenant coupons maturing subsequent to the Redemption Date, at the offices of any of the following Paying Agents:

<b>The Chase Manhattan Bank, N.A.</b> London Branch Woolgate House, Coleman Street London EC2C 2ND, England	<b>Chase Manhattan Bank Luxembourg S.A.</b> 5 Rue Plaette L-2338, Luxembourg-Grand
<b>Banque Bruxelles Lambert</b> Avenue Marnix, 24 1050 Brussels Belgium	<b>Chase Manhattan Bank (Switzerland)</b> 63 Rue du Rhone 1204 Geneva Switzerland

Coupons maturing on March 12, 1992 should be detached and surrendered for payment in the usual manner.

Payment of Registered Notes to be redeemed will be made only upon presentation and surrender thereof at the following offices:

<i>By Mail</i> <b>The Chase Manhattan Bank, N.A.</b> Box 2020 One New York Plaza - 14th Fl. New York, New York 10081 Attn: Corporate Bond Redemptions	<i>By Hand</i> <b>The Chase Manhattan Bank, N.A.</b> Institutional Trust Group Window 1 Chase Manhattan Plaza - Floor 18 New York, New York 10081 Attn: Corporate Bond Redemptions
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Interest on Registered Notes will be paid in the usual manner

**ASSOCIATES CORPORATION OF NORTH AMERICA**

**By: THE CHASE MANHATTAN BANK, N.A.**  
as Fiscal Agent

Dated: February 7, 1992

**AMERICANS**

### BUILDING MATERIALS - Cont.

**CONTRACTING & CONSTRUCTION - Cont.****ENGINEERING - GENERAL - Cont.****HEALTH & HOUSEHOLD - Cont.**

**INVESTMENT TRUSTS - Cont.**  
# of 1981/82

Yad

## CANADIANS

NTIE	1700	287	128
Manpower S.	800	900	685

Aluminum Sulfate	Y	304	—	305	193	47.8	2.8	14.2
Alum. Elect. Y	†	298	—	354	234	6.302	1.8	6.3
Alum.	H	87	—	128	88	18.2	8.1	7.3

Sylves Pick	81	77	61	5.54	12.6	17.2
Sylves	242	+2	238	175	5.0	10.1

Savoy A.	630	---	895	630
4-Guns of CHL.	39	---	54	25
4-Guns, Fla.	0	---	0	0

Zero Pl.	74	-1 <sub>2</sub>	74 <sup>1</sup> <sub>2</sub>	59
Garrison Em Pac.	48	+1	52	34

0.9 56.9 17.9

BANKS

ASF DM	200	+3	203	257
BOC	045	+10	057	458

Scottish Power	L	99 1/2	-1 1/2	119 1/2	95	1,951	5.1	13.2
Seaboard	L	264	-2	295	204	412.7	8.1	6.2

Assoc. Brit. Foods	2	1	2	2	1	1
Food Trust	32 1/2	2	30 1/2	28 1/2	2.22	5.9
Assoc. Brit. Foods	48 1/2	1	5 1/2	4 1/2	2.99	3.8

Total	↑	107	—	181	109
MWS		68	—	100	62

BREWERS & D

dycoats.....†	373	—	373	211
Merley Invs NZ\$.....	28	-1	48	28

Harland Simon	†	695	715	435	104.7	1.7	13.4
Wendell-Packard S.		234.1	235.2	215.2	2,084	1.3	—

turners	110	—	110	40	4.67	1.8	—
rooft	111	—	111	58	10.5	4.2	13.8
lockers	225	—	225	353	598.1	7.4	21.8

Boys' Army	1	288	-14	242	312	23
Don & Man	†	235	-1	399	242	36
Prudential	†	227	-2	285½	187	43

Art Currie Surg.	78	41	95	84
Vanants	23	—	33	18

116.8	21.1
83.2	8.1
-	-

## BUILDING MAT

Normal Sylls	145	-1	146	80
Anglia Sec	16	-1	74	16
Dead	102		103	77

Computer	23	34	14	1.57	-	-
	43	74	29	9.22	+	-

247	247	225	1143	50	137	5
-----	-----	-----	------	----	-----	---

Arbeitslohn	27	+	32	12
Wohlfahrt	79 1/2	-	80 1/2	83

Zetland	75	11	11	23
Amer Gas	33	11	11	23
Arctic	11	11	11	23

55.3	72.7
55.5	40.5

108.1	8.5
61.4	-9.9
273.3	15.1
229.6	2.9
33.6	29.0
94.2	15.6
67.7	10.6
177.3	18.1
140.6	36.1
57.0	-6.5
65.6	39.7
372.0	16.9
37.9	39.1
84.4	-13.2
26.5	26.5
115.5	36.5
107.8	12.3
187.8	54.6
233.0	4.7
161.4	33.1
90.6	26.6
119.3	22.0
35.5	14.8
90.8	8.7
87.7	15.0
96.5	15.5
12.3	20.3

## INVESTMENT TRUSTS • 11

Anascher (H)	92	—	65	23	52
Banga (H) On 2nd Pl.	87 1/2	—	90 1/2	75	100
8 1/2 pc Non-Cum Pl.	188 1/4	-1 1/2	189 1/4	100	42
Brown Stopley	151	—	276	191	36
Close Bros.	286	—	278	225	80
Mathews	286	—	362	204	47 1/2
7 1/2 pc Cu Pl.	117	-1	125	90	17 1/2
Joseph (H)	828	—	133	323	17
McGraw-Hill Benson	280	-47	377	232	33 1/2
			17	24	1

OIL & GAS		Price	+ or -	1990 high
Mid-Atlantic Petrol	16	+1/2	2 1/2	
Mid-Atlantic Gas	13	—	40	
Mid-Atlantic Ind. & Comm.	9	—	9 1/2	
Mid-Atlantic 12	9	—	26	
Mid-Atlantic Energy	16	—	60	

7 1/2 p Dr Rd Pl	185
8 main-Tett Pl	213
8Bentz	84
8CMB Pack Ffe	1888
Clondalkin IE	326
Coat Station'y	27
Credley	21
Cropper (J)	149
De La Rose	630

7.2	2.9	16.7	Music 2000		
7.1	5.4	-	Great Universal	†	19
2.9	6.8	7.1	MUS A	†	19
3.1	-	14.7	Hampton Home		
3.2	2.9	11.1	In Shops		
4.4	1.5	18.0	Engleisher	f	5
6.6	-	5.5	8 1/2 pc 10 2000		5323
8.4	8.3	5.1	Klein E-Za		
2.0	2.6	14.6	Liberty	†	8
9.12	3.8	17.3	NV	†	4

3.92	14.8	5.0	
184.8	2.6	16.8	Far West Rand
3.532	8.5	12.4	Blyvoor
3.59	8.9	14.2	Buffels
28.4	4.2	13.8	Deplaant
2.695	3.7	15.9	Doomfontein
347.7	3.6	-	Driedoorn
6.53	-	-	Elandsrand
77.2	1.4	25.4	Egburg
20.8	2.1	16.8	Kopfontein

182	92	24.7	6.0
861	480	53.7	8.6
187	92	118.0	3.5
84	29.4	73.9	—
844	505	1.415	4.5
822	268	296.7	1.7
87	32	13.5	—
432	725	298.0	7.7

## TEXTILES

TRANSPORT		↑	↓	1997
Notes				
Midwest B Parts	↑	345		485
Air Rippin Air		684		671
MBAA		597		579
Bargasse NIK		£11.1	↑	£18.4
Capricorn Airways	↑	238		251
Cap 94 pc Cr		113	↓	124
CSB A&B		77	↓	134.3
Chapman Pac HCS	↑	21.4		20.1
Midwestern (N)		81	↓	227
Cons Freight S		686	↓	1152
Davies & Mwen		86		200
Dawsongrp		74	↑	74
McIntyre Usa		493	↑	543

10M Steam	↑	2
Jacobs (Jh)	↑	

SOUTH AFRICANS		+ or	1991/92
	Notes	Price	high
Anglo Am Ind.		112 1/2	177
Barrow Rand.		52 1/2	110 1/2
Gold Fields Prop.		97 1/2	185
New Klein Prop.		138	168
OK Bazaars		180	236
PSASOL		518	388
SA Brews		913	1110
Tiger Gate		583 1/2	787
Tongaat-Halel		375	400

**Rubbers, Palm Oil**

Anglo-East	38	1
Bentley	81	8
Cone Plants MS	44	4
Golden Hope MS	41	4
Highlands MS	37	3
Kasia Keping MS	77	5
Rowe Evans	37	8

Tees		
Moran	120	15

**Central Fund**

Durban Deep	387	+6	
East Rand Pty	185	+3	27
Randfontein Est	210	+5	33
Summer & Jack	33	4	4
West Rand	800	—	16
<b>Eastern Rand</b>			
WAFMID	2	—	
Black	121	—	28
East Deep	61	—	1
Eastern Rand	58	—	18
EWID	110	—	9
Grootvlei	82 1/2	—	9

Leslie \_\_\_\_\_

Rentier	8	3
S African Ltd	23	-1
Vakkevoeren	12	3
Windhoek	858	-16
		118
<b>Far West Rand</b>		
Blyvoor	109	+2
Buffels	4828	+6
Deyselfontein	1131	-1
Dopsonfontein	84	8
Driedonfontein	553	-2
Elandsrand	488	+2
Ebbew	514	8
Kopfontein	262	+3
		43

Amolagasta \_\_\_\_\_  
Soc Pl \_\_\_\_\_

12 Celtic Gold II	74		
13 Does March R	71	-2	
14 WDRS R	71		
15 40 Days Expl II	71		14
16 Dimes Ind II	51		
17 Europe Mints	44		
18 February R	34	+4	
19 Geopac	44 1/2		
20 40 Days Expl II	74		
21 Greenwich R	5 1/2	-2	
22 Hamlo Gold CS	52 1/2		28
23 Homecoming	28 1/2		27 1/2
24 2 Weeks West R	40	+1	
25 12 Weeks Mints R	41		
26 Kenmore	43	+3 1/2	
27 Navan Res II	6 1/2	+3	
28 Northgate Expl CS	36 1/2	-1	
29 North West Expl AS	8		

▼Thorco Res. \_\_\_\_\_  
 7-V-1000 \_\_\_\_\_

\* Based on Stock Exchange and company degree of regulation on listed securities.  
 \* Not officially UK listed, dealings permitted under F.  
 Price at time of suspension.  
 Indicated dividend yield after pending acq and/or merger bid or reorganisation in progress.  
 Forecast dividend yield, p/a based on earnings up statement.  
 Unregulated collective investment scheme.  
 \* Yield based on annualised dividend.  
 \* Figures based on prospectus or other.  
 \* Subject to total tax.  
 \* Dividend yield includes a special payment.  
 \* Minimum tender price.

**yield after rights issue** 6.1  
**Assumed dividend** 10.0

Yield after debt issue.  
 8 Rights based pending  
 9 Earnings based on  
 preliminary figures.  
 3 Dividend yield  
 excludes a special  
 payment.  
 11 Indicated dividend  
 yield, p/e ratio based on  
 latest annual earnings.  
 1 Forecast, or estimated  
 annualized dividend  
 yield, p/e based on  
 1992-93 earnings.  
 4 Estimated annualized  
 yield, p/e based on  
 latest annual earnings.  
 10 Yield based on  
 1992-93 earnings.

**TABLE 1**

**London Share P**  
London share prices are avail.  
Cityline. Calls charged at 48p  
peak and 36p off peak, inc VAT

To obtain your free

(071 925-2128)

270	157.2	38
49	5.08	10.7

12	2.48	-
21	1.31	-
2	-	-
4 1/2	-	-
4 1/2	4.40	-
6	2.91	-
2 1/2	0.42	-
2	1.82	-
11	2.59	-
9	0.86	-
63 1/2	487.8	2.2
27 1/2	882.1	1.3
30	15.6	-
33	0.99	-
3 1/2	0.24	-
15	3.49	-
36 1/2	4.95	-
3	2.92	-

$$\begin{array}{r} 34 \\ 2 \end{array} \begin{array}{r} 17 \\ 17 \end{array}$$

Yield based on  
respectus or other

Official estimates for 1991.

Forecast annualized  
bid, give based on  
prospects for other  
fiscal estimates.  
Agrees assumed.  
For future figures.  
Deducted yield to date.

**Prices**  
 Sale on FT  
 per minute

## Booklet ring

1

## London Share Prices

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.  
To obtain your free share Code Booklet ring (071 925-2128)

\_\_\_\_\_

## AUTHORISED UNIT TRUSTS

Company Name		Assets	Liabilities	Equity	Income	Expenses	Net Income	Operating Income	Operating Expenses	Net Operating Income	Net Income	Operating Income	Operating Expenses	Net Operating Income	Net Income
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1988-1989 Assets: 1,234,567 Liabilities: 567,890 Equity: 666,677 Income: 123,456 Expenses: 78,901 Net Income: 44,555 Operating Income: 123,456 Operating Expenses: 78,901 Net Operating Income: 44,555 Net Income: 44,555															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1989-1990 Assets: 1,345,678 Liabilities: 678,901 Equity: 666,777 Income: 134,567 Expenses: 89,012 Net Income: 45,556 Operating Income: 134,567 Operating Expenses: 89,012 Net Operating Income: 45,556 Net Income: 45,556															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1990-1991 Assets: 1,456,789 Liabilities: 789,012 Equity: 667,777 Income: 145,678 Expenses: 90,123 Net Income: 55,557 Operating Income: 145,678 Operating Expenses: 90,123 Net Operating Income: 55,557 Net Income: 55,557															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1991-1992 Assets: 1,567,890 Liabilities: 890,123 Equity: 677,767 Income: 156,789 Expenses: 91,234 Net Income: 65,558 Operating Income: 156,789 Operating Expenses: 91,234 Net Operating Income: 65,558 Net Income: 65,558															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1992-1993 Assets: 1,678,901 Liabilities: 901,234 Equity: 777,667 Income: 167,890 Expenses: 92,345 Net Income: 75,545 Operating Income: 167,890 Operating Expenses: 92,345 Net Operating Income: 75,545 Net Income: 75,545															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1993-1994 Assets: 1,789,012 Liabilities: 912,345 Equity: 876,667 Income: 178,901 Expenses: 93,456 Net Income: 85,445 Operating Income: 178,901 Operating Expenses: 93,456 Net Operating Income: 85,445 Net Income: 85,445															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1994-1995 Assets: 1,890,123 Liabilities: 923,456 Equity: 966,667 Income: 189,012 Expenses: 94,567 Net Income: 94,445 Operating Income: 189,012 Operating Expenses: 94,567 Net Operating Income: 94,445 Net Income: 94,445															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1995-1996 Assets: 1,901,234 Liabilities: 934,567 Equity: 966,667 Income: 190,123 Expenses: 95,678 Net Income: 94,445 Operating Income: 190,123 Operating Expenses: 95,678 Net Operating Income: 94,445 Net Income: 94,445															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1996-1997 Assets: 1,912,345 Liabilities: 945,678 Equity: 966,667 Income: 191,234 Expenses: 96,789 Net Income: 94,445 Operating Income: 191,234 Operating Expenses: 96,789 Net Operating Income: 94,445 Net Income: 94,445															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1997-1998 Assets: 1,923,456 Liabilities: 956,789 Equity: 966,667 Income: 192,345 Expenses: 97,890 Net Income: 94,455 Operating Income: 192,345 Operating Expenses: 97,890 Net Operating Income: 94,455 Net Income: 94,455															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1998-1999 Assets: 1,934,567 Liabilities: 967,890 Equity: 966,677 Income: 193,456 Expenses: 98,901 Net Income: 94,555 Operating Income: 193,456 Operating Expenses: 98,901 Net Operating Income: 94,555 Net Income: 94,555															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 1999-2000 Assets: 1,945,678 Liabilities: 978,901 Equity: 966,777 Income: 194,567 Expenses: 99,012 Net Income: 95,556 Operating Income: 194,567 Operating Expenses: 99,012 Net Operating Income: 95,556 Net Income: 95,556															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 2000-2001 Assets: 1,956,789 Liabilities: 989,012 Equity: 967,777 Income: 195,678 Expenses: 100,123 Net Income: 95,555 Operating Income: 195,678 Operating Expenses: 100,123 Net Operating Income: 95,555 Net Income: 95,555															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 2001-2002 Assets: 1,967,890 Liabilities: 1,000,123 Equity: 967,767 Income: 196,789 Expenses: 101,234 Net Income: 95,555 Operating Income: 196,789 Operating Expenses: 101,234 Net Operating Income: 95,555 Net Income: 95,555															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 2002-2003 Assets: 1,978,901 Liabilities: 1,011,234 Equity: 967,667 Income: 197,890 Expenses: 102,345 Net Income: 95,545 Operating Income: 197,890 Operating Expenses: 102,345 Net Operating Income: 95,545 Net Income: 95,545															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 2003-2004 Assets: 1,989,012 Liabilities: 1,022,345 Equity: 966,667 Income: 198,901 Expenses: 103,456 Net Income: 95,445 Operating Income: 198,901 Operating Expenses: 103,456 Net Operating Income: 95,445 Net Income: 95,445															
<b>James's Place UT Group Ltd (2260NF)</b> 22 Victoria St, Richmond BC V6V 1A8 (604) 271-1111 2004-2005 Assets: 1,990,123 Liabilities: 1,033,456 Equity: 956,667 Income: 199,012 Expenses: 104,567 Net Income: 94,445 Operating Income: 199,012 Operating Expenses: 104,567 Net Operating Income: 94,445 Net Income: 94,4															

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## FT MANAGED FUNDS SERVICE

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Unit Trust Name	Investment Objective	Current Price	Previous Price	Change
Standard Life UK Equity Fund	UK Equity	1.00	0.98	+0.02
Standard Life UK Bond Fund	UK Bond	1.00	0.99	+0.01
Standard Life International Fund	International	1.00	0.97	+0.03
Standard Life US Equity Fund	US Equity	1.00	0.95	+0.05
Standard Life US Bond Fund	US Bond	1.00	0.98	+0.02
Standard Life Europe Fund	Europe	1.00	0.96	+0.04
Standard Life Japan Fund	Japan	1.00	0.94	+0.06
Standard Life Australia Fund	Australia	1.00	0.93	+0.07
Standard Life New Zealand Fund	New Zealand	1.00	0.92	+0.08
Standard Life South Africa Fund	South Africa	1.00	0.91	+0.09
Standard Life India Fund	India	1.00	0.90	+0.10
Standard Life China Fund	China	1.00	0.89	+0.11
Standard Life Russia Fund	Russia	1.00	0.88	+0.12
Standard Life Brazil Fund	Brazil	1.00	0.87	+0.13
Standard Life Mexico Fund	Mexico	1.00	0.86	+0.14
Standard Life Argentina Fund	Argentina	1.00	0.85	+0.15
Standard Life Chile Fund	Chile	1.00	0.84	+0.16
Standard Life Peru Fund	Peru	1.00	0.83	+0.17
Standard Life Colombia Fund	Colombia	1.00	0.82	+0.18
Standard Life Venezuela Fund	Venezuela	1.00	0.81	+0.19
Standard Life Ecuador Fund	Ecuador	1.00	0.80	+0.20
Standard Life Bolivia Fund	Bolivia	1.00	0.79	+0.21
Standard Life Paraguay Fund	Paraguay	1.00	0.78	+0.22
Standard Life Uruguay Fund	Uruguay	1.00	0.77	+0.23
Standard Life Cuba Fund	Cuba	1.00	0.76	+0.24
Standard Life Haiti Fund	Haiti	1.00	0.75	+0.25
Standard Life Dominican Republic Fund	Dominican Republic	1.00	0.74	+0.26
Standard Life Puerto Rico Fund	Puerto Rico	1.00	0.73	+0.27
Standard Life Costa Rica Fund	Costa Rica	1.00	0.72	+0.28
Standard Life Panama Fund	Panama	1.00	0.71	+0.29
Standard Life Nicaragua Fund	Nicaragua	1.00	0.70	+0.30
Standard Life Honduras Fund	Honduras	1.00	0.69	+0.31
Standard Life Guatemala Fund	Guatemala	1.00	0.68	+0.32
Standard Life El Salvador Fund	El Salvador	1.00	0.67	+0.33
Standard Life Honduras Fund	Honduras	1.00	0.66	+0.34
Standard Life Guatemala Fund	Guatemala	1.00	0.65	+0.35
Standard Life El Salvador Fund	El Salvador	1.00	0.64	+0.36
Standard Life Honduras Fund	Honduras	1.00	0.63	+0.37
Standard Life Guatemala Fund	Guatemala	1.00	0.62	+0.38
Standard Life El Salvador Fund	El Salvador	1.00	0.61	+0.39
Standard Life Honduras Fund	Honduras	1.00	0.60	+0.40
Standard Life Guatemala Fund	Guatemala	1.00	0.59	+0.41
Standard Life El Salvador Fund	El Salvador	1.00	0.58	+0.42
Standard Life Honduras Fund	Honduras	1.00	0.57	+0.43
Standard Life Guatemala Fund	Guatemala	1.00	0.56	+0.44
Standard Life El Salvador Fund	El Salvador	1.00	0.55	+0.45
Standard Life Honduras Fund	Honduras	1.00	0.54	+0.46
Standard Life Guatemala Fund	Guatemala	1.00	0.53	+0.47
Standard Life El Salvador Fund	El Salvador	1.00	0.52	+0.48
Standard Life Honduras Fund	Honduras	1.00	0.51	+0.49
Standard Life Guatemala Fund	Guatemala	1.00	0.50	+0.50
Standard Life El Salvador Fund	El Salvador	1.00	0.49	+0.51
Standard Life Honduras Fund	Honduras	1.00	0.48	+0.52
Standard Life Guatemala Fund	Guatemala	1.00	0.47	+0.53
Standard Life El Salvador Fund	El Salvador	1.00	0.46	+0.54
Standard Life Honduras Fund	Honduras	1.00	0.45	+0.55
Standard Life Guatemala Fund	Guatemala	1.00	0.44	+0.56
Standard Life El Salvador Fund	El Salvador	1.00	0.43	+0.57
Standard Life Honduras Fund	Honduras	1.00	0.42	+0.58
Standard Life Guatemala Fund	Guatemala	1.00	0.41	+0.59
Standard Life El Salvador Fund	El Salvador	1.00	0.40	+0.60
Standard Life Honduras Fund	Honduras	1.00	0.39	+0.61
Standard Life Guatemala Fund	Guatemala	1.00	0.38	+0.62
Standard Life El Salvador Fund	El Salvador	1.00	0.37	+0.63
Standard Life Honduras Fund	Honduras	1.00	0.36	+0.64
Standard Life Guatemala Fund	Guatemala	1.00	0.35	+0.65
Standard Life El Salvador Fund	El Salvador	1.00	0.34	+0.66
Standard Life Honduras Fund	Honduras	1.00	0.33	+0.67
Standard Life Guatemala Fund	Guatemala	1.00	0.32	+0.68
Standard Life El Salvador Fund	El Salvador	1.00	0.31	+0.69
Standard Life Honduras Fund	Honduras	1.00	0.30	+0.70
Standard Life Guatemala Fund	Guatemala	1.00	0.29	+0.71
Standard Life El Salvador Fund	El Salvador	1.00	0.28	+0.72
Standard Life Honduras Fund	Honduras	1.00	0.27	+0.73
Standard Life Guatemala Fund	Guatemala	1.00	0.26	+0.74
Standard Life El Salvador Fund	El Salvador	1.00	0.25	+0.75
Standard Life Honduras Fund	Honduras	1.00	0.24	+0.76
Standard Life Guatemala Fund	Guatemala	1.00	0.23	+0.77
Standard Life El Salvador Fund	El Salvador	1.00	0.22	+0.78
Standard Life Honduras Fund	Honduras	1.00	0.21	+0.79
Standard Life Guatemala Fund	Guatemala	1.00	0.20	+0.80
Standard Life El Salvador Fund	El Salvador	1.00	0.19	+0.81
Standard Life Honduras Fund	Honduras	1.00	0.18	+0.82
Standard Life Guatemala Fund	Guatemala	1.00	0.17	+0.83
Standard Life El Salvador Fund	El Salvador	1.00	0.16	+0.84
Standard Life Honduras Fund	Honduras	1.00	0.15	+0.85
Standard Life Guatemala Fund	Guatemala	1.00	0.14	+0.86
Standard Life El Salvador Fund	El Salvador	1.00	0.13	+0.87
Standard Life Honduras Fund	Honduras	1.00	0.12	+0.88
Standard Life Guatemala Fund	Guatemala	1.00	0.11	+0.89
Standard Life El Salvador Fund	El Salvador	1.00	0.10	+0.90
Standard Life Honduras Fund	Honduras	1.00	0.09	+0.91
Standard Life Guatemala Fund	Guatemala	1.00	0.08	+0.92
Standard Life El Salvador Fund	El Salvador	1.00	0.07	+0.93
Standard Life Honduras Fund	Honduras	1.00	0.06	+0.94
Standard Life Guatemala Fund	Guatemala	1.00	0.05	+0.95
Standard Life El Salvador Fund	El Salvador	1.00	0.04	+0.96
Standard Life Honduras Fund	Honduras	1.00	0.03	+0.97
Standard Life Guatemala Fund	Guatemala	1.00	0.02	+0.98
Standard Life El Salvador Fund	El Salvador	1.00	0.01	+0.99
Standard Life Honduras Fund	Honduras	1.00	0.00	+1.00

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British	5	CL055	1.055	1.15	0481 72
Conti European Ltd	5	DELON	1.875	1.980	498

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar climbs in quiet trade

THE dollar recovered some of the ground it lost overnight, as traders moved to cover their short positions in advance of today's employment figures.

After opening weaker in London at DM1.5748, compared with a close of DM1.5768/73, the dollar recovered to close at DM1.5795. That trend was repeated in New York, where the dollar opened at DM1.5768/73, compared with a close of DM1.5803/10. By mid-day, it had firmed to DM1.5791/96.

The weaker opening levels were attributed to bearish statements made by Bank of Japan governor, Mr. Yasuhiro Mieno, on the US economy.

He warned that recovery in the US might be further away than many anticipated and might not even begin in the second half.

To compound his statements, Mr. Helmut Schlesinger, Bundesbank president, reiterated the need for tight monetary policy in Germany in a newspaper interview.

Mr. Schlesinger's comments only highlighted the differential between the US and Germany, which until this week had appeared to be narrowing.

The exceptionally wide range of forecasts for the US employment figures continued to confuse the market, and created a sense of uncertainty as to the dollar's future.

to the immediate prospect for the dollar. Forecasts for the numbers were as diverse as a 100,000 drop in non-farm payrolls and a rise of 140,000.

The market median was focused on a rise of about 40,000, said Dr. Mark Austin, an economist at HongKong Bank. However, the figures would be distorted by the seasonal adjustments of retail workers laid off after the Christmas period. Since retailers are believed to have taken on fewer workers than normal, the adjustments could seriously distort the figures, economists warned.

"The numbers will need careful dissection before you interpret them," said Dr. Austin.

The factory orders figures published yesterday, which showed greater than expected declines for the month of December and the whole of 1991, had a largely neutral effect on the dollar, said Mr. David Cocker of Chemical Bank.

Within the exchange rate mechanism, the D-Mark continued to hold the lead. Trading was fairly quiet, however, with most attention focused on tomorrow's events in the US.

Sterling hovered just above its ERM floor, although few in the market seemed to be as alarmed at the prospect as in the weeks around Christmas. The pound closed in London unchanged on the previous day's DM2.57.

Sterling is not expected to draw much attention until next week's round of statistics, covering producer and retail price figures, money supply, bank lending, unemployment and average earnings.

The Spanish peseta weakened slightly against the German currency, from 62.95 per D-Mark to 62.99.

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## FINANCIAL FUTURES AND OPTIONS

## LONDON (LIFED)

Contract	Settle	Open	High	Low	Close
3-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
6-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
9-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
12-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00

Contract	Settle	Open	High	Low	Close
3-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
6-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
9-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
12-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00

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6-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
9-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
12-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00

Contract	Settle	Open	High	Low	Close
3-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
6-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
9-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
12-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00

Contract	Settle	Open	High	Low	Close
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6-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
9-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
12-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00

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6-MONTH LIBOR	94.00	94.00	94.00	94.00	94.00
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## CANADA

CANADA											
Index	Stock	High	Low	Close	Chng	Index	Stock	High	Low	Close	Chng
TORONTO											
3:00 pm prices February 6											
Quotations in cents unless marked \$											
6200 Alkali Pl	48 1/2	48 1/2	48 1/2	48 1/2	+	11000 Can West	322 1/2	322 1/2	322 1/2	+	
20000 AgriCorp	35 1/2	35 1/2	35 1/2	35 1/2	+	34000 Crown-C	85	85	85	+	
15000 Air Can	38 1/2	38 1/2	38 1/2	38 1/2	+	22000 Denison A	18	18	18	20	
40000 Alcan En	51 1/2	51 1/2	51 1/2	51 1/2	+	2100 Denon	38 1/2	38 1/2	38 1/2	+	
17000 ADM/We	51 1/2	51 1/2	51 1/2	51 1/2	+	22000 Denon B	38 1/2	38 1/2	38 1/2	+	
100000 Alcan En	51 1/2	51 1/2	51 1/2	51 1/2	+	2100 Denon T	38 1/2	38 1/2	38 1/2	+	
71300 Am Bary	48 1/2	48 1/2	48 1/2	48 1/2	+	8000 Drexel Inc	51 1/2	51 1/2	51 1/2	+	
20000 Atco Cl	51 1/2	51 1/2	51 1/2	51 1/2	+	4500 Du Pont A	41 1/2	41 1/2	41 1/2	+	
						198000 Empire	315	315	315	20	
						45000 Empire Ltd	8 1/2	8 1/2	8 1/2	+	
						2200 Empire	51 1/2	51 1/2	51 1/2	+	
						48700 Enx New	18 1/2	18 1/2	18 1/2	+	
						1600 FPL Ltd	60 1/2	60 1/2	60 1/2	+	
						77000 Fomento	10 1/2	10 1/2	10 1/2	+	
						30000 Fomento	10 1/2	10 1/2	10 1/2	+	
						11000 FPL Int'l A	31 1/2	31 1/2	31 1/2	+	
						4700 FPL	35 1/2	35 1/2	35 1/2	+	
						100 FPL Int'l B	61 1/2	61 1/2	61 1/2	+	
						15000 FPL Int'l C	27 1/2	27 1/2	27 1/2	+	
						12000 Galt Corp	21 1/2	21 1/2	21 1/2	+	
						1400 Galt Corp	21 1/2	21 1/2	21 1/2	+	
						34000 Galt Corp	121 1/2	121 1/2	121 1/2	+	
						3300 Galt Corp	121 1/2	121 1/2	121 1/2	+	
						600 Galt Corp	121 1/2	121 1/2	121 1/2	+	
						2000 Harsco A	45 1/2	45 1/2	45 1/2	+	
						4000 Harsco B	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco C	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco D	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco E	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco F	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco G	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco H	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco I	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco J	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco K	45 1/2	45 1/2	45 1/2	+	
						2000 Harsco L	45 1/2	45 1/2	45 1/2	+	
						2000 Hars					

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## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

**Continued on next page**

## NASDAQ NATIONAL MARKET

3:00 pm prices February 6

[illegible]

## 3:00 pm prices February 6

[illegible]

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1000

## AMERICA

## Retailers post gains as Dow trades in mid range

## Wall Street

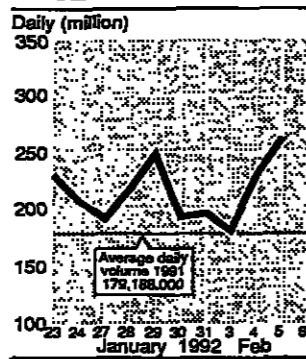
The secondary market continued to rally yesterday morning, but primary stocks dithered in a narrowly mixed range in the absence of any significant economic news, writes Karen Zager in New York.

At 1:30 pm, the Dow Jones Industrial Average was 4.92 lower at 3,252.68 in moderate volume. Big board advancing issues led declines by a ratio of nine to seven. The Nasdaq composite, however, was 2.13 higher at \$39.09 at mid-session, adding to its record close on Wednesday and Tuesday. On Wednesday, the Dow closed at 3,257.80, down 15.21.

Among featured issues, Owens-Corning surged 5% to \$34.75 after the newly-appointed chairman of the fibreglass group said that the company had taken a non-cash charge of \$800m against fourth quarter earnings to cover future asbestos claims.

The Caracas general index dropped 6.3 percent yesterday in the Venezuelan market's first session since a failed military coup last Tuesday. In London, Latin American Securities noted that some of the liquid stocks were more resilient.

## NYSE volume



earnings to cover future asbestos claims.

Marriott, the US hotel chain, added 8% to \$18.75 after turning in fourth quarter earnings of 25 cents a share compared with a loss of 57 cents a year earlier.

Strong chain store sales figures for January helped a number of retailers post gains yesterday morning.

Wal-Mart Stores added 1% to \$34.75, while J.C. Penney rose 1% to \$59.14 and May Department Stores rose 1% to \$57.14. In the oil services sector, Dresser Industries rose 1% to \$30.40 in active trading after it announced plans to spin-off its industrial and mining equipment divisions to shareholders.

Transportation stocks continued to firm, with the Dow Jones Transportation Index adding 6.73 to 1,390.13 at 1 pm after a gain of 15.14 on Wednesday. Shares in Continental Air were halted at mid-day on the American Stock Exchange after the company filed a reorganisation plan and announced plans to issue new stock to unsecured creditors.

Goodyear Tire & Rubber, the last of the big US-owned tyre makers, edged 1% lower to \$22.54 as the market registered its ambivalence to the company's plans to increase its national advertising spending. Eastman Kodak, which led the Dow lower on Wednesday when it dropped 4% on the back of its fourth quarter loss, added 1% to \$36.75 yesterday morning in active trading.

## Canada

TORONTO traded cautiously in mid-session, awaiting the announcement of the Bank of Canada's key rate. The TSE 300 composite index rose 7.4 to 3,613.2.

Mitel Corp topped the most active list, rising 25 cents or 20 percent to C\$1.49 in volume of 1.66m shares.

## Reforms help Bombay climb to new peak

The market has welcomed the repeal of a ban on foreign companies, says R.C. Murthy

After a brief pause earlier this week, the Bombay bourse has continued the extraordinary bull run which started in January, and yesterday achieved its second record high in less than a week.

Speculative buying had pushed share prices to a 1992 peak last Friday, prompting the stock exchange authorities to intervene on Monday, with a package of measures to cool the overheated equity market.

The Bombay Stock Exchange (BSE), India's largest with three-quarters of national trading, banned forward deals in the 86 most actively traded shares, except in the case of squaring outstanding positions. Quantitative restrictions were imposed on brokers on purchases in the remaining 600 stocks.

But the effect of these restrictions appeared to be short-lived. After reaching a record high of 2,302.54 last Friday, a rise of 17.6 percent from the start of the year, the 30-share BSE index fell 29.73 on Monday in response to the trading restrictions. The index has since recovered, reaching its new record yesterday and closing 20.93 up at 2,303.36 on renewed speculative buying.

The impetus for Bombay's bull run has come mainly from the continuing industrial and trade reforms started last July by the minority government headed by Mr P.V. Narasimha Rao, who is governing by consensus, and the more recent decision to open up the economy to foreign investment.

Its most recent surge last week, was fuelled by two important events. The Reserve Bank of India, the central bank, lifted a 10-year ban on foreign companies opening branches in India, which will enable them to compete with domestic companies. This will enable, for instance, Coca-Cola, which had been ordered out, to return to India and sell its branded soft drinks. Analysts say that the lifting of the ban is expected to allow foreign companies already listed on the BSE to increase their earnings and could encourage more foreign companies to seek a listing.

This optimism was reflected in a rise in share values of foreign companies. Nestlé has

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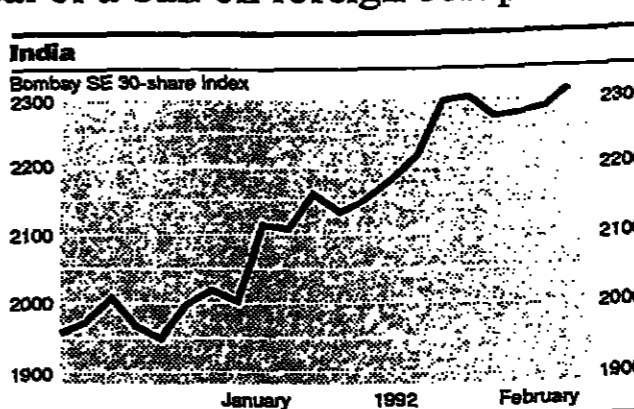
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risen to Rs275 from Rs220 in a fortnight. Ponds India, a Unilever affiliate, to Rs460 from Rs330 and Mico, a Bosch affiliate, to Rs2,250 from Rs1,900.

Also, New Delhi ended the uncertainty of the past three years by giving statutory backing to the Securities and Exchange Board of India to regulate the capital markets.

The optimism of traders has also been supported by buying in ACC, India's largest cement group, and Apollo Tyres by a fast-growing portfolio manager,

Growthmore's Apollo share purchases raised eyebrows in the market, since the Indian automobile industry is in recession. But Mr Mehta has his own logic: Apollo also caters to the replacement tyre market.

The present boom is not based on fundamentals, analysts say. It hangs precariously on hopes of rich rewards five years hence when the restructured Indian economy should be set on an export-led growth path.

The traders are bullish and many new capital issues are expected to flood the market this month, ignoring pre-budget blues. But Mr Mehta has warned that he is likely to unveil a harsh budget on February 28.

The government is committed to the International Monetary Fund to cut the fiscal deficit to 5 percent of GDP next year from 6.5 percent this year as part of the stabilisation programme. If Mr Singh passes a heavy dose of taxes to cut in capital expenditure, traders' hopes for a soft budget will be disappointed.

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## EUROPE

## Michelin extends advance as Paris bourse recovers

SECOND THOUGHTS came to the rescue of the Paris bourse yesterday, but they had the reverse effect in Frankfurt, writes Karen Zager in New York.

PARIS recovered from a mid-day slump which was blamed on the dollar's weakness and the impact of a sell programme on a thin market. The CAC 40 index fell as low as 1,853.95 before closing 5.18 down at 1,860.61 in turnover of FF12bn.

The tyre maker Michelin continued to advance, putting on FF27 or 4.5 percent to FF164 with 164,890 shares traded. One analyst said that Goodyear's recent forecast that it would return to the black this year was encouraging investors to buy, but he added that the stock was looking overbought.

Faribas added FF11.30 or 3.1 percent to FF271.50 with 183,290 shares traded, on heavy buying by two domestic brokers. There were also unconfirmed reports that Goldman Sachs had downgraded its earnings for Bancare, pushing it down by FF10 to FF485.

FRANKFURT broke up through 1,700 on the DAX index for an intraday peak of 1,702.65, but then dropped more than 20 points to close 5.49 lower at 1,681.13, after a 1.98 rise to 689.15 in the FAZ at mid-session.

The early rise was a traders' initiative, and prices soon lost ground after orders failed to follow. In the aftermath of the steel pay settlement, the emphasis switched to its industrial consequences, and the prospect of a more extended period of high interest rates; and car shares, which had risen on the absence of a strike threat, fell on reports that Daimler's Mercedes unit was reviewing methods of cutting production this year, due to a slump in the US market.

Volume rose from DM7bn to DM8bn. Daimler and Volkswagen both fell DM5.50, to DM744.50 and DM337 respectively. However, the market

## FT-SE Eurotrack 100 - Feb 6

Hourly changes									
Open	High	Low	11 am	12 pm	1 pm	2 pm	3 pm	close	
1144.86	1144.22	1142.13	1139.75	1138.44	1136.99	1137.77	1138.76		
Day's High 1145.00 Day's Low 1136.66									
Feb 5	Feb 6	Feb 5	Jan 31	Jan 30					
1138.71	1132.79	1134.04	1137.57	1131.57					

Base value 1000 (25/10/90).

extended its appreciation of construction stocks, where Hochtief's good orders took the share up another DM14 to DM11.99, and Philipp Holzmann by DM15 to DM11.65.

Retailers, similarly, extended Wednesday's gains on hopes of higher 1992 consumer spending, with Karstadt DM5.50 higher at DM631.50 and Kaufhof DM6 higher at DM478.

MILAN saw interest in banks and insurers. The Comit index rose 0.88 to 561.59 in turnover estimated at close to Wednesday's L149bn.

General rose L290 to L31.190 while its subsidiary Alleanza added L120 to L12.770. Ambroveneto also continued in strength, adding L15 to L4.400 on speculation that Crédit Agricole of France or Alleanza were interested in taking a stake in the bank.

Dealers reported foreign buying in the utility italigas, which rose L68 to L3.534 with a heavy 1.6m shares traded.

Fiat rose L2 to L5.135 but slipped to L5.050 after hours, depressed by industry data showing that its share of the domestic car market fell to 43.5 percent last month, compared to 46.9 percent a year earlier.

AMSTERDAM was broadly mixed with the CBS Tendency index barely changed: it gained 0.1 to 122.2. KLM's third quarter results, which showed a smaller-than-expected loss of 21.6m, supported its shares. Having recorded a day's high of FL40.90 after opening at FL39.80 it closed just 90 cents lower FL39.60. One analyst did not expect the price to rise much above FL40 until there

was clarification over the possible merger with British Airways.

Phillips put on FL0.40 to FL31.00, although there was mixed feeling over its announcement on Wednesday that it was taking a 25 percent stake in a US media group. Elsevier gained FL1 to FL107.20.

ZURICH rose on marginally lower than expected domestic inflation figures for 1991, the all-share SPI index ended 3.0 higher at 1,119.1. The inflation news helped bonds and bank shares in early trade.

CS Holding bourses, up SF40 at SF1.965, topped the active list. However, Gottard Bank certificates lost SF15 to SF125 on better 1991 profits, an unchanged dividend and a 1-for-15 rights issue.

MADRID was flat, the general index ending down 0.81 at 256.61. The banking sector was weak on profit-taking while, in utilities, Endesa shed another Ptas40 at Ptas170.

STOCKHOLM's rally ended with the Affarsvarden General index 9.5 lower at 983.8, on interest rate worries and Ericsson's announcement of 800 job cuts in the Stockholm area.

Volume eased from SKr587m to SKr502m. Ericsson was the most active stock, its B shares slipping SKr4 to SKr118.

OSLO fell in dull trading, the all-share index dropping 4.35 to 438.09. Helseund, the health care group, saw its A shares lose NKr2 to NKr265 in spite of record profits, an increased dividend and plans to spin-off its shipping operations into an independent company.

INVESTORS were encouraged by the announcement late on Wednesday by the Osaka Stock Exchange (OSE) of measures to enhance transparency in the derivatives market, and the Nikkei average rebounded after declining for two consecutive days, writes Emiko Terazono in Tokyo.

The 225-issue average gained 168.55 to 22,104.92, helped by arbitrage-related buying after a rise in futures prices. The index opened at the day's low of 21,975.05 and rose to the day's high of 22,094.80 in the morning session, but later eased back towards the close.

Volume was steady at 200m shares. Advances led declines by 626 to 347, with 156 issues remaining unchanged. The Topix index of all first section stocks rose 5.30 to 1,631.25 and in London, the ISE/Nikkei 50 index rose 4.59 to 1,550.97.

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The 225-issue average gained 168.55 to 22,104.92, helped by arbitrage-related buying after a rise in futures prices. The index opened at the day's low of 21,975.05 and rose to the day's high of 22,094.80 in the morning session, but later eased back towards the close.

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Electric furnace steel-makers advanced with Tokyo Steel Mfg up Y90 to Y2,640 and Tokyo Tekko rising Y20 to Y1,590. Machinery were also favoured with Rheon Automatic Machinery up Y110 to Y1,540.

Heavy electricals fell sharply on downward revisions of earnings expectations by leading Japanese brokerages. Projections that the recovery of the semiconductor market may be delayed also prompted selling. Hitachi, the most active issue of the day, fell Y25 to Y303 and Kyocera lost Y30 to Y4,350.

Short-term trading lifted biotechnology related stocks. Meiji Milk Products rose Y22 to Y908 and Okamoto Industries, the prophylactic maker, advanced Y14 to Y933.

In Osaka, the OSE average gained 129.10 to 2,728.57 in volume of 181.1m shares. The banking sector was mixed, with Westpac putting on 4 cents to AS4.22. It announced that it was issuing

78m new shares to the Australian Mutual Provident Society, raising the latter's stake to 15 percent from 10 percent. National Australia rose 2 cents to AS7.50 and Commonwealth shed 7 cents to AS7.05.

News Corp gained 42 cents to AS15.00 on the back of good trading in New York. Its half-year results are due next Wednesday.

MANILA firmed in narrow trading; the composite index up 5.50 to 1,522.37. Political uncertainty ahead of the May elections is keeping some investors out of the market.

Turnover fell to 165m pesos (255m). Philippine Long Distance Telephone rose 25 pesos to 915.00 on a strong showing in the US.

SEOUL fell on profit-taking. The composite index slipped 0.33 to 690.64 in turnover of 1.40m shares. In the insurance sector was broadly down. Lucky fell Won900 to Won18,500.

due to heavy cross-trading by financial institutions looking to lock in profits ahead of the March book-closing.

## Roundup

The Pacific Rim was mixed as many bourses re-opened after the Chinese New Year. Hong Kong, Taiwan and New Zealand were closed.

AUSTRALIA saw two large portfolios of programme trading coming out of Japan, which accounted for 30 percent of turnover. The All Ordinaries index fell 8.3 to 1,594.6 in turnover of AS228m (AS302m).

Coles Myer, the retailer, continued its decline, shedding 18 cents to AS11.38, while CSR, the building and sugar group, fell 4 cents to AS4.72 after announcing an asset write-down on Wednesday.

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